Occidental Petroleum Corporation

1970 Annual Report

Occidental Petroleum Corporation

Our cover shows a stockpile of coal stored at one of Island Creek Coal Company's many mines for shipment to customers. This stockpile is being fed freshly-mined coal via an elevated conveyor belt and a stacking tube with oblong openings through which the coal flows to storage. Gates underneath the stockpile are opened as necessary to drop the stored coal onto conveyor belts which transport it to railroad or barge loading sites

1970 Annual Report

Carboys containing various electroplating chemicals lined up for immediate shipment to customers at Oxy Metal Finishing Division's Prochimie S.A. plant in Geneva, Switzerland

Financial Highlights

	1970	1969	1968
Net sales and other revenues	$2,402,293,000	$2,059,098,000	$1,806,792,000
Operating cash flow	$ 282,044,000	$ 247,512,000	$ 218,010,000
Net income including sales of coal lease rights in 1970 and 1969★	$ 175,234,000	$ 174,835,000	$ 134,138,000
Preferred stock dividend requirements[1]	$ 21,410,000	$ 23,351,000	$ 27,092,000
Net income applicable to common shares including sales of coal lease rights in 1970 and 1969★	$ 153,824,000	$ 151,484,000	$ 107,046,000
Net income per common share including sales of coal lease rights in 1970 and 1969★[2]	$ 2.92	$ 2.97	$ 2.30
Net income excluding sales of coal lease rights★	$ 170,775,000	$ 165,902,000	
Net income per share excluding sales of coal lease rights★[2]	$ 2.83	$ 2.80	
Total assets at year-end	$2,563,002,000	$2,213,506,000	$1,788,245,000
Additions to property, plant and equipment, net	$ 277,869,000	$ 339,217,000	$ 242,820,000
Stockholders' equity[4]	$ 973,788,000	$ 859,847,000	$ 757,851,000
Dividends paid per common share			
Cash[2, 3]	$ .99	$ .89	$ .36
Stock	1%	1%	2%
Average number of common shares outstanding during year[2]	52,762,000	50,953,000	46,659,000
Number of common shareholders at year-end	302,000	255,000	157,000
Number of preferred shareholders ($8.00, $4.00, $3.60, $2.16) at year-end	48,000	46,000	49,000
Number of employees	33,000	27,500	22,000

★See dual presentation and special note on consolidated statements of income.
[1]Pro forma for 1968.
[2]Based on average number of shares outstanding after giving retroactive effect to a one per cent stock dividend issued in July, 1970.
[3]Current common share dividend rate is 25 cents per quarter.
[4]See consolidated statements of shareholders' equity.

4

Occidental's fleet of sea-going tankers has been expanded from 21 ships in 1969 to 52 ships totaling 2.8 million tons deadweight to meet company's requirements for ocean transport

Corporate Highlights

1970 Best Year for Revenues and Earnings in Company's History

Consolidated net sales and other revenues for the year 1970 increase 17 per cent to $2.4 billion over year-earlier record total of $2.1 billion. Net income for 1970 reaches $175,234,000, surpassing Occidental's previous record in 1969. Earnings in 1970 include $4.5 million from sales of coal lease rights.★

Increased Cash Dividends Paid to Shareholders

Regular quarterly cash dividends on common shares paid to Occidental stockholders during 1970 total one dollar per share compared with 90 cents in 1969, an increase of eleven per cent, and 175 per cent over the 36 cents per share paid in 1968. One per cent stock dividend also declared and paid in 1970 and 1969.

Assets, Cash Flow, Shareholders' Equity, Net Working Capital All Increase

Corporate assets at end of 1970 amount to $2.6 billion, 16 per cent above 1969. Cash flow from operations advances 14 per cent to $282 million. Shareholders' equity increases 13 per cent to $974 million. Net working capital moves up 15 per cent to $352 million. Cash at year-end totals $313 million compared to $278 million at previous year's end.

1970 Best Year for Production of Crude Oil in Libya

Crude oil production from Occidental's Libyan fields at year-end reaches 240,661,000 barrels for average of 659,000 barrels per day during 1970, an increase of 8.4 per cent over 221,864,000 total barrels or average of 608,000 barrels per day in 1969. Record achieved despite production cutbacks during 1970.

Pipeline Throughput Arrangements Made in Libya with Two Oil Companies

Transportation and shipping of crude oil for other petroleum companies on fee basis through Occidental's 135-mile, 40-inch pipeline and terminal at seaport of Zueitina begins. One company's oil moves through pipeline while arrangements with other company await approval of Libyan government.

International Oil and Gas Exploration Activities Expanded

Several foreign crude oil and natural gas exploration projects in various stages of development or negotiation in Ghana, Trinidad, Peru, Venezuela, Nigeria, the Trucial States, Sierra Leone, Spanish Sahara and the Caribbean Sea. Two seismic ships gathering geological data in preparation for United Kingdom offshore North Sea bidding expected to occur late in 1971. Seismic surveys also being conducted in Norwegian waters of North Sea and near Greenland.

New Oil and Gas Discoveries Made by Occidental in United States

Company successfully completes six new discovery wells in domestic drilling programs during 1970. Two additional discoveries made under Occidental-Putnam (associated with Putnam Funds) 1970 joint exploration program for outside investor participants. Development drilling continuing in several of Occidental's producing areas.

Gains Posted by Foreign Oil Marketing, Refining and Transportation Division

Substantial increase in earnings over 1969. Sales of petroleum products in 1970 advance 24 per cent to 63,800,000 barrels. 125 new outlets added to European chain of OXY-brand service stations. Distribution chains established to serve home heating market with OXY fuels. Antwerp, Belgium, refinery expanded from 85,000 to 100,000 barrels per day. Tanker fleet enlarged from 21 ships (one million dw tons) in 1969 to 52 ships (2.8 million dw tons). Three VLCC's, among the world's largest tankers averaging 260,000 dw tons each, now on order under long-term charters.

★See special note on consolidated statements of income, page 41.

Corporate Highlights (Cont.)

View from atop stacking tube at Island Creek's new Providence No. 1 Mine in Kentucky designed to load 10,000-ton unit trains in four hours or less for rapid movement to major electric utility

New Records Established by Island Creek Coal Company

Sales and profits highest in Island Creek's history. Net earnings from all sources approximately 51 per cent above 1969.

Two Coal Mines Completed as Expansion Program Continues

Providence No. 1 mine in western Kentucky and Pond Fork mine in southern West Virginia, designed to produce up to 2,900,000 tons per year, completed in 1970 and in operation. Additional mines being developed by Island Creek Coal Company to serve growing electric utility, metallurgical, industrial and export markets.

Chemical Division Acquires New Facilities in Latin America

Occidental's investment in facilities for the manufacture and sale of vinyl film, coated fabrics, plastics and related products increased as several companies located in Brazil, Colombia, Mexico and Venezuela acquired from W. R. Grace & Co. for approximately $21 million including cash and $17.5 million of $8.00 nonconvertible preferred stock.

Fifty-Mile Brine Pipeline Installed and in Operation

Newly-completed transmission line supplies low-cost raw material basic to Hooker Chemical Corporation's manufacturing operations. Pipeline transports saturated brine 50 miles from salt deposits at Linden Valley in New York to Hooker's industrial chemicals division plant at Niagara Falls.

New 100,000 Tons Per Year Pollyphos Plant Goes on Stream

Oxychem completes facility for production of defluorinated phosphate feed supplements in November, 1970. Total sales of Pollyphos and other Oxychem feed supplements in 1970 six per cent higher than in previous year.

Occidental Acquires Major United Kingdom Producer of Sulphuric Acid

Leather's Chemical Company, with three plants in England, manufactures sulphuric acid, iron sulphate and animal feed supplements. Founded in 1750, Leather's operates one of largest single-stream sulphuric acid plants in Europe.

Oxymin Moves Ahead with Zinc and Copper Projects

Zinc mineralization discovery made in central Tennessee where drilling indicates possible existence of ore body. Sixty-six holes completed in 520-acre tract, 18 of which show ore grade intercepts averaging 14.7 feet in thickness and 5.59 per cent in zinc grade. Drilling in Arizona results in discovery of copper mineralization in 10 out of 18 drill holes. Intercepts vary between 103 and 368 feet and between 0.56 and 1.26 per cent copper content.

Coal-to-Oil Conversion Research Project Pilot Plant in Operation

Engineering data for research project concerned with converting coal into oil, gas and coke and extracting sulphur from coal provided by new pilot plant at company's Garrett research and development center in LaVerne, California. Results of pilot plant operations will determine commercial feasibility of coal conversion process.

Occidental-Holiday Inns Joint Venture Program Expanded

Two hotels open for business in Morocco — one in Marrakech and the other in Fez. Other new hotels to open in Casablanca and Tangier and in Monte Carlo, Monaco, later in 1971. Three Holiday Inns to be built in Switzerland in joint venture with Moevenpick Holding. Occidental-Tower International joint venture granted ten year exclusive franchise by Holiday Inns for licensing in eight countries of eastern Europe. Construction of first two hotels in Bulgaria and Romania to be started in 1971 with local governments providing the financing.

Dr. Armand Hammer, Chairman of the Board and Chief Executive Officer

William Bellano, President and Chief Operating Officer

Thomas F. Willers Vice Chairman of the Board

To the Shareholders:

DESPITE ADVERSE PRESSURES, 1970 WAS THE BEST YEAR FOR EARNINGS AND REVENUES IN OCCIDENTAL'S HISTORY

1970 ranked as the best year for earnings and revenues in your company's 51-year history (13 years under present management) despite the economic slowdown in the United States, higher interest costs, the automobile strike which affected the company's chemical division, and lower earnings in Libya.

Financial Results

Consolidated net sales and other revenues for the year 1970 advanced 17 per cent to a total of $2,402,293,000 compared with $2,059,098,000 in 1969. Net income for 1970 reached $175,234,000, surpassing our previous record of $174,835,000 in 1969.

Earnings in 1970 and 1969 include $4.5 million and $8.9 million, respectively, resulting from certain sales of coal lease rights by Island Creek Coal Company. Current recognition of gain in these transactions has been questioned by the Securities and Exchange Commission whose position is amplified on page 36 and in the special note on the company's consolidated statements of income, page 41. The report of the company's independent public accountants specifically states (page 49) that inclusion of such gain in current income is in accordance with generally accepted accounting principles.

Dividend Payments Increased

Dividends paid on preferred stock in 1970 were $21,410,000 as against $23,351,000 in 1969. Remaining earnings available for common shareholders were $153,824,000 in 1970, or two per cent above the previous year's $151,484,000. However, because of a four per cent increase in the average number of common shares outstanding (52,762,000 in 1970 and 50,953,000 in 1969) resulting mainly from conversions of preferred stock into common, primary earnings per common share of $2.92 in 1970 were about two per cent below the $2.97 per share earned in 1969. On a fully diluted basis, the 1970 per share earnings would be $2.53 per share compared with $2.54 per share in 1969, based on 68,954,000 shares in 1970 and 68,776,000 in 1969. Earnings and earnings per share above include gain on the sales of coal lease rights referred to above. Comparable figures excluding such gain are shown on page 41.

Cash dividends paid during 1970 totaled one dollar per share compared to 90 cents per share in 1969. This represents the sixth successive year that your company's dividend payments have increased. Cash dividends during 1970 represent an eleven per cent increase over 1969 and 175 per cent over the 36 cents per share paid in 1968 after the 3-for-1 stock split. In addition, a one per cent stock dividend was declared and paid in 1970 and 1969.

Oil and Gas Division

Few industries are afforded the opportunities available to the petroleum industry during the coming decade as global requirements for energy continue to increase. To illustrate the magnitude of this demand, it is estimated that, over the next ten years, the industry will be called upon to deliver about 200 billion barrels of crude oil, or nearly as much as the total worldwide oil production since petroleum was first used for energy purposes over 100 years ago.

The executives in charge of our oil and gas exploration and production division — E. F. Reid, executive vice president; Charles C. Horace, vice president, production; Richard H. Vaughan, vice president, international exploration, and Robert A. Teitsworth, vice president, North American exploration — have by past performance proven their ability to enable your company to participate in this growth.

Developments in Libya

Effective on September 1, 1970, your company and the government of the Libyan Arab Republic reached an agreement upon posted prices, tax rates and permissible rates of production. This settlement followed a period during which the government imposed severe curtailments on your company's production reducing it to 485,000 barrels per day. Other companies operating in Libya also suffered curtailments of their production. Occidental was the first among approximately 20 international oil companies and government-owned companies to break the long deadlock. Shortly thereafter, all other oil companies producing in Libya settled on comparable terms except that our agreement provided for an immediate restoration of oil production, exclusive of gas liquids, to a maximum permissible rate of 700,000 barrels per day.

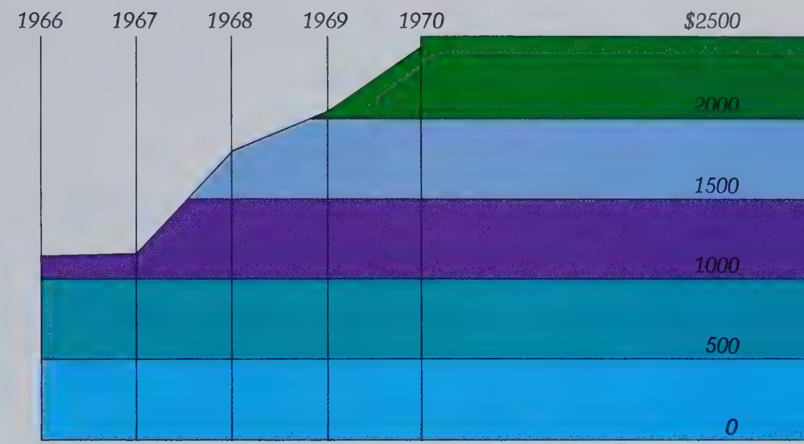
The settlement increased the posted price of 40 degree gravity crude oil initially from $2.23 per barrel to $2.53 per barrel through the end of 1970 with escalation of two cents per barrel annually for five years thereafter. Our overall rate of Libyan taxes on profits was raised from 50 per cent to a total of 58 per cent, while the requirement that we pay five per cent of pretax profits for agricultural development was eliminated. Under escalation clauses in our sales contracts or through renegotiation, practically all of the higher costs were passed on to our crude oil customers.

Despite the production cutbacks during 1970, our production for the year totaled 240,661,000 barrels, or an average of 659,000 barrels per day, compared with 221,864,000 barrels, or an average of 608,000 barrels per day, in 1969. This was an 8.4 per cent increase.

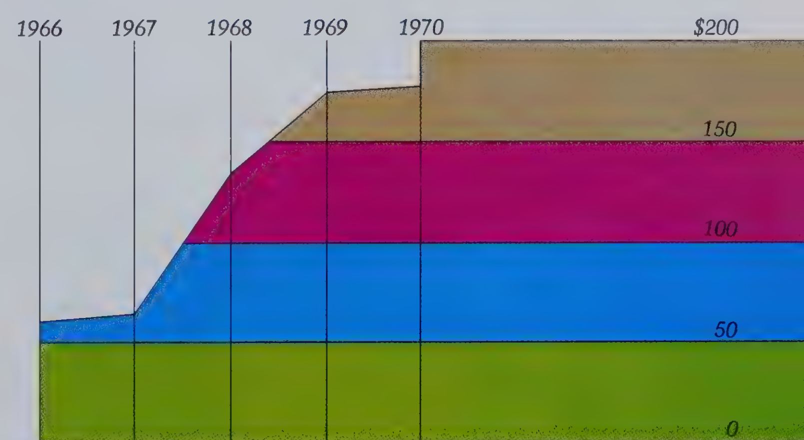
OPEC Settlement

At the close of 1970, the Organization of Oil Producing Exporting Countries (OPEC), which comprises all of the principal oil exporting countries including Libya, voiced new demands for increases in tax rates and posted prices for oil.

Gross Revenues
millions of dollars

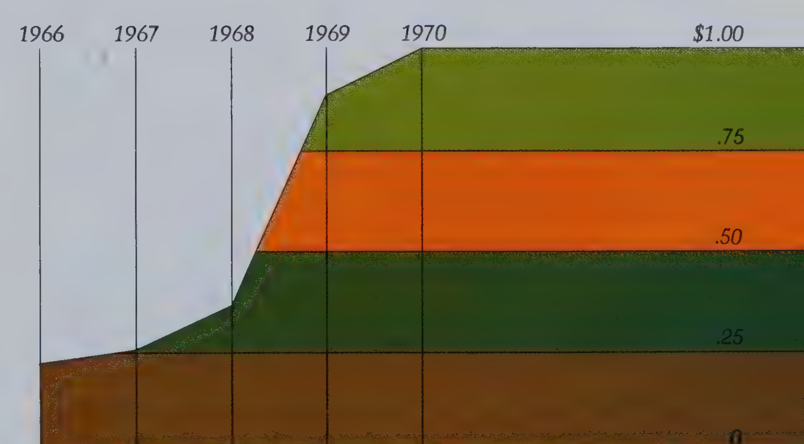


*Net Income**
millions of dollars



* *See dual presentation and special note on consolidated statements of income.*

Cash Dividends Paid
dollars per share



After several weeks of intense negotiations on an industry-wide basis, an agreement was reached with the OPEC group of countries that border on the gulf between Iran and Saudi Arabia. Subsequently, negotiations continued with the Mediterranean producing countries, including Libya.

Agreement Reached with Libya

Your company's management in Libya played a leading role in finally reaching an agreement with the Libyan government, effective March 20, 1971, which dealt with posted prices, tax rates, timing of payments, sales for local consumption and future exploratory drilling. Among other things, the agreement increases the posted price of 40 degree gravity crude oil from $2.55 a barrel to $3.447 a barrel through 1971 and to $3.467 through 1972 with provision for subsequent annual increases ranging from 15 cents to 15.8 cents per barrel in 1973 through 1975 and for temporary adjustments related to shipping costs. The company's overall tax rate is increased from 58 per cent to slightly less than 63 per cent, thus preserving essentially the same relationship to other companies operating in Libya that was established in the 1970 settlement. The agreement provides that it is a final settlement of Occidental's total financial obligations through year-end 1975.

It should be noted that Occidental does not utilize taxes paid to the Libyan government as a means of sheltering domestic and other foreign income from taxation in the United States.

While arrangements have not yet been finalized, it is believed that practically all increased costs resulting from the 1971 settlement will be passed on to our crude oil customers under escalation clauses in our sales contracts or through renegotiation.

Gas Liquids Recovery Plant

After delays last year caused by a shortage of skilled labor, work is now progressing on the completion of our gas liquids recovery plant in Libya. Partial operation of the plant began during 1970. A 135-mile, 20-inch products pipeline to our seaport terminal at Zueitina has been completed and tested. We anticipate full completion of the plant early in 1972.

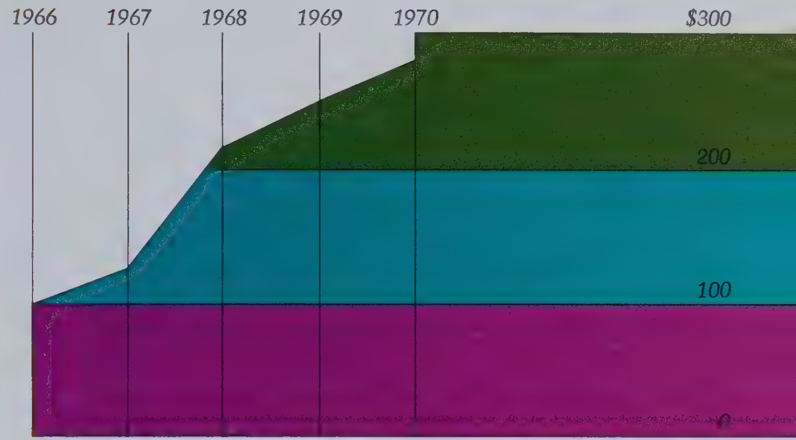
Throughput Arrangements

In 1970, Occidental began the transportation and shipping of oil for other companies through its pipeline and Zueitina terminal on a fee basis. Under our first such arrangement, deliveries of oil produced by Amoco-Libya Oil Company, a subsidiary of Standard Oil Company of Indiana, began in March, 1970, and current throughput is approximately 15,000 barrels per day.

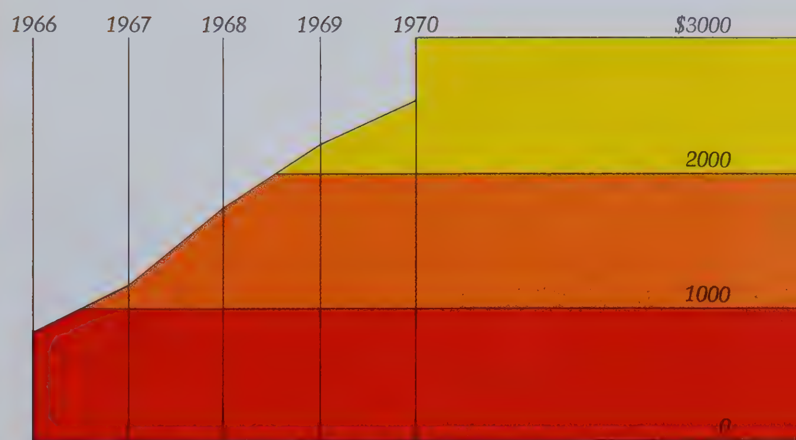
An agreement has been reached with AGIP, the Italian governmental oil company, whereby, subject to Libyan

Rigs drill at dusk on Occidental's prolific Concession 103 in Libya as Sahara sun sinks below desert horizon

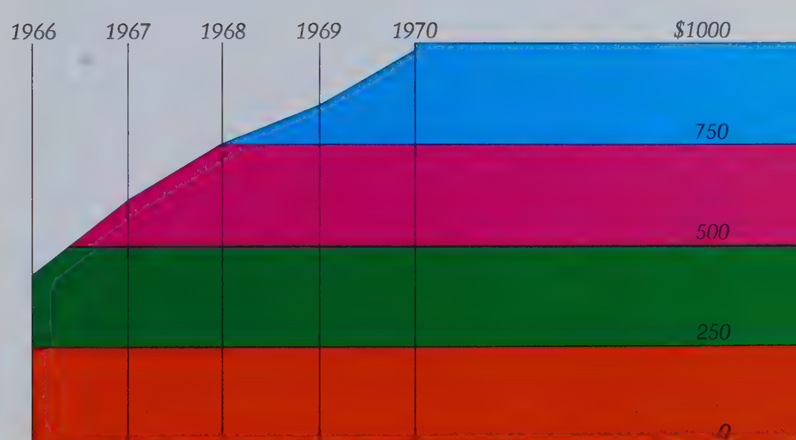
Operating Cash Flow
millions of dollars



Total Assets
millions of dollars



Shareholders' Equity *
millions of dollars



* *See consolidated statements of shareholders' equity.*

government approval, up to 300,000 barrels per day of AGIP's oil will be transported and shipped through Occidental's pipeline and terminal on a tariff basis. Also, if the project receives Libyan approval, AGIP's gas will be processed through our gas liquids recovery plant and the dry gas will be injected into and stored in our reservoir. This will augment our pressure maintenance program and your company will earn fees for handling the oil and for processing and storing the gas. We will attempt to develop similar opportunities in the future since our facilities are located in the center of a major oil and gas producing area of Libya.

Oil Storage Increased

Oil storage at our Zueitina terminal was increased from seven to eight million barrels last year by the addition of new storage facilities. This reduces the chance of having to curtail production during the winter months when storms hamper operations and interfere with shipping schedules.

The Kufra agricultural project, which Occidental initiated and developed, has been turned over to the Libyan government in connection with our settlement last September. The Agedabia desalination plant, which was an industrial contribution by Occidental to the people of Libya, began operations in 1970, furnishing an abundant supply of fresh water to the coastal city of Agedabia.

International Exploration

Venezuela

On December 1, 1970, your company received official notice from Corporacion Venezolana del Petroleo (CVP), Venezuela's national oil company, that three of the five blocks in south Lake Maracaibo offered in the competitive bidding (Blocks A, D and E) had been awarded to Occidental. Negotiations covering terms of the service contracts are in progress in Caracas, and it now appears that Occidental's efforts to secure petroleum rights in Venezuela, begun in 1968, are nearing completion.

Venezuela is one of the world's most prolific oil producing countries and enjoys a favored position as a principal supplier to the United States. North Lake Maracaibo is the richest area in the country, producing more than 2.5 million barrels per day with remaining reserves among the largest known in the western hemisphere.

The new blocks, totaling approximately 375,000 acres, are located in the south part of the lake, an area which has not been explored but is considered geologically similar to the producing areas to the north. Once definitive agreements between Occidental and Venezuelan authorities have been reached, Occidental plans an intensive exploration program.

Nigeria

Following competitive bidding early in 1970, your company was officially notified by the government of Nigeria that it was one of five successful bidders for offshore rights to drill and produce oil. Four blocks are being offered to Occidental amounting to 736,000 acres out of a total of 1.6 million acres offered for bid. Thirty companies representing eleven national interests participated in the bidding indicating the importance placed by the world oil community on this fast-growing producing area. Further company activities await completion and execution of a definitive agreement with the Nigerian government.

Nigeria's total production of oil more than doubled during 1970, reaching 1.4 million barrels per day in December, and is projected to exceed two million barrels per day by the end of 1971.

Caribbean

Under our joint venture agreement with Signal Oil and Gas Company, Occidental has begun exploring the 6.2 million-acre concession areas in the territorial waters of Nicaragua, Jamaica and Honduras. During 1970, two wells were drilled, one of which had encouraging oil shows.

Trinidad

In July, 1970, Occidental was awarded four offshore blocks totaling 331,680 acres in the north coast marine area between the islands of Trinidad and Tobago.

We have recently participated with the other successful bidders in a joint seismic survey. The results were encouraging, revealing the presence of a thick sedimentary sequence in the concession area.

Peru

Following settlement of the legal action involving your company's concession areas in offshore Peru, Occidental will be the operator for both the Occidental and Texaco concessions covering approximately 1.9 million acres.

Operations on the acreage covered by both of these concessions will be conducted by Occidental at its expense, and the company will receive 95 per cent of the production until it recoups its costs and, thereafter, 90 per cent. Approval by the Peruvian government has been received and Occidental expects to start drilling an exploratory well in the near future.

We are also negotiating with the Peruvian State Oil Company, Petroperu, for a tract of approximately three million acres in the northern portion of the Oriente region in eastern Peru.

Ghana

During 1970, through Occidental's joint ventures with Standard Oil Company of Indiana, Signal Oil and Gas Company and Standard Oil Company of California, three wells were drilled on the jointly-held concession areas in offshore Ghana. The first well was unproductive. However, the second well resulted in the first discovery of oil in that country. It was tested at the combined rate of approximately 3,600 barrels per day of high-gravity, low-sulphur oil from two zones.

A third well was drilled about four miles northeast from the discovery. Although unproductive, it provided valuable geological information, and your company and its partners are planning a multi-well drilling program to commence shortly. The partnership holds approximately 1,468,000 acres under concession agreements, of which our net share amounts to approximately 450,000 acres.

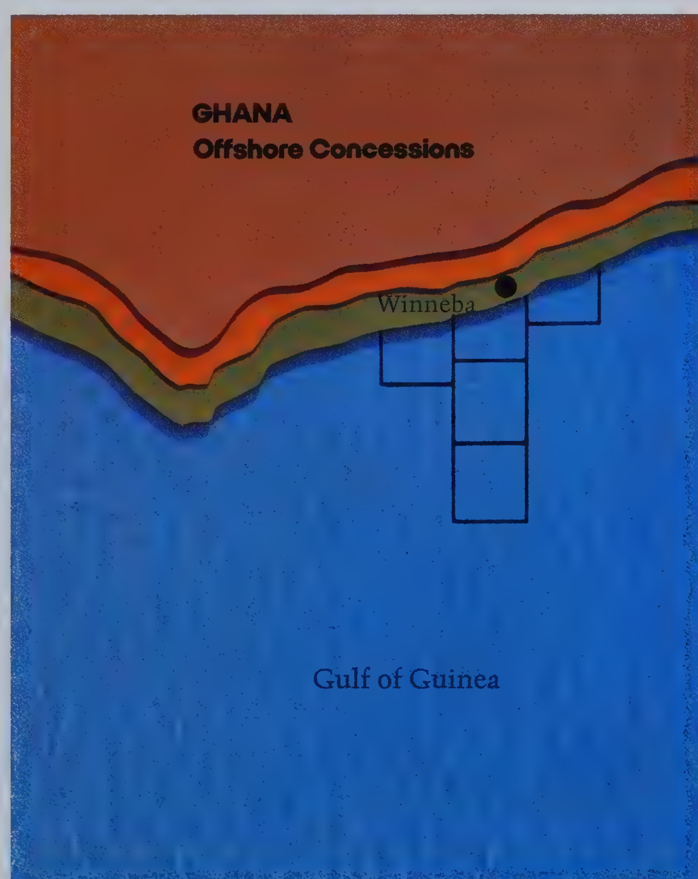
Trucial States

In the Trucial States area in the gulf between Iran and Saudi Arabia, where our concessions from the states of Ajman and Umm Al Qaywayn total 640,000 acres, exploration has been delayed due to a dispute with third parties as to Occidental's rights under its concession agreements. Your company's special counsel handling this matter has given his opinion that our position is sound. We expect the situation to be resolved satisfactorily.

Other Exploration

In West Africa, Occidental has been awarded exploration licenses by the country of Sierra Leone covering 1.28 million acres off the south coast, and has entered into a joint venture agreement with Union Carbide Corporation to acquire a half interest in nearly four million acres in offshore Spanish Sahara subject to approval of the Spanish government.

In the North Sea, where several major oil discoveries have occurred, Occidental has two seismic ships gathering data in a joint exploration program which includes United Kingdom subsidiaries of Occidental, Getty Oil Company and Allied Chemical Corporation. The British government is expected to award acreage late in 1971 and the group intends to submit bids based on its seismic results.



Occidental will be the operator and expects to have the largest working interest. The company is also participating in seismic surveys in the Norwegian waters of the North Sea and off Greenland.

United States Oil and Gas Activities

During 1970, your company participated in the drilling of 42 wells (21 net wells) in the United States, exclusive of drilling done under the Occidental-Putnam 1970 exploration program referred to later in this text. Of these 42 wells, 10 were completed as oil wells and 13 as gas wells. Six of these were discovery wells and, in addition, two other discoveries were made under the Occidental-Putnam 1970 program. Development drilling is continuing on several of Occidental's producing areas.

Louisiana Offshore

Oil and gas development was completed in 1970 on Ship Shoal Block 222. This 5,000-acre lease in offshore Louisiana is located on federal lands where your company holds 14.25 per cent of the working interest. Fifteen wells were completed of which 14 were dual completions. Production began in January, 1971, and has reached a daily rate of approximately 77 million cubic feet of gas and 5,800 barrels of oil and condensate.

At a federal offshore lease sale in July, 1970, Occidental acquired a 17.8 per cent interest in 2,500 acres comprising the northern half of Block 225. Significant oil and gas reserves were found through exploratory drilling on this block which adjoins Block 222 to the south. Initial plans for developing the lease include the construction of two drilling and production platforms, each capable of carrying 15 to 20 wells.

Los Angeles Basin

Development continues at your company's Los Angeles Basin oil fields. Average daily gross production in 1970 was approximately 12,700 barrels of oil and 29 million cubic feet of gas, of which Occidental's net share was approximately 50 per cent. At the East Beverly Hills field, we now have 33 productive wells, and our waterflood project, initiated early in 1970 to maximize our oil recoveries from the field, has been expanded to include four water injection wells.

At Sawtelle, where 12 wells are on production, Occidental has acquired additional leases on proven acreage and has resumed development drilling.

New Field Discovery in Texas

In late 1970, the company participated in a new gas-condensate field discovery on the Gulf of Mexico shoreline

Offshore drilling programs increase as company expands worldwide exploratory activities. Upper right, service boat delivers production casing and cement to platform for completion of successful oil well in offshore Louisiana

in Galveston County, Texas. The discovery well flowed at a rate in excess of four million cubic feet of gas per day from a Lower Miocene sand at 8,000 feet.

Occidental owns a 45 per cent interest in approximately 2,700 acres surrounding the discovery, named the Crystal Beach field. A follow-up well is presently being drilled.

Occidental-Putnam Exploration Program

During the second half of 1970, your company and The Putnam Oil Company, Inc., a subsidiary of The Putnam Management Company, Inc. which manages the Putnam Funds, organized a limited partnership to explore for oil and gas in the U.S. Funds totaling $4,225,000 were subscribed by outside participants and $1 million was invested by Occidental. Occidental's share of production developed under this program ranges from 19 to 80 per cent and will ultimately average about 43 per cent. Sixteen drilling blocks have been tested resulting in two discoveries of oil and gas.

The program has made a new field discovery at Bolivar Point, Galveston County, Texas. The discovery well found oil and gas in 12 separate zones between 5,000 and 9,000 feet on a 1,500-acre drilling block in which the program holds 50 per cent of the working interest. After discovery, a development well was completed flowing 1,300,000 cubic feet of gas per day. This well earned one-third of the working interest in an additional 2,400 acres. Three additional development wells have been completed.

In the Big Wells prospect in Dimmit County, Texas, where the program holds 5,000 acres, the first exploratory well was abandoned and a second exploratory well was completed in the San Miguel sand flowing oil at the rate of 150 barrels per day. Subsequently, three development wells were completed and one was abandoned. Currently, our daily production from this field is approximately 600 barrels of oil per day.

Petrochem Increases Canadian Production

In Canada, your company's 55 per cent owned subsidiary, Jefferson Lake Petrochemicals of Canada Ltd. (Petrochem), increased its production of natural gas and oil during the past year, although the depressed prices for Canadian sulphur severely reduced Petrochem's earnings.

Petrochem's share of pipeline gas sold during 1970 amounted to 18.3 billion cubic feet compared with 17.6 billion cubic feet in 1969. Production of oil and gas liquids increased from 1,100 to approximately 1,650 barrels per day. Sulphur production was approximately 727 tons per day compared with 740 tons per day in 1969.

One of Occidental's natural gas wells in northern California producing under contract into network of Pacific Gas and Electric Company pipelines serving large number of cities, communities, farming areas and industries

Further acquisitions of new exploratory oil and gas prospects in Canada under the Occidental-Petrochem 50-50 joint venture agreement have been discontinued. Petrochem will continue to manage the lands presently held by the joint venture.

A plan of reorganization under which Jefferson Lake Petrochemicals will be combined with the Canadian oil, gas and chemical operations of Occidental has been approved in principle by Petrochem's board of directors. The reorganization will be subject to, among other things, receipt of favorable tax rulings, the execution of a definitive agreement, substantiation of asset values by independent experts and a favorable vote of Petrochem's shareholders in June, 1971. Under the proposed plan, Occidental would own at least 80 per cent of the new company which will be known as Canadian Occidental Petroleum Ltd.

Drilling in Alaska Awaits Pipeline

Your company continues to hold its land positions on the Alaskan North Slope including the 38,000 acres acquired in 1968 and the 5,120 acres adjacent to the coast purchased in the 1969 lease sale. No drilling on these prospects is planned until there is some indication of the timing of the pipeline.

Domestic Crude Oil Marketing Division

The Permian Corporation, Occidental's domestic crude oil marketing subsidiary headed by T. D. Jenkins, president, performed well in 1970 although net profits and volume of crude oil handled during the year were less than in the previous year. This was due in part to the fact that industry exploration for new sources of crude oil in the U.S. was at a low ebb during the greater part of 1970.

With increasing prices of domestic crude oil as an added incentive, we believe there will be an intensified search for new reserves in areas where Permian has already established a position and we are hopeful that this will provide greater opportunities for Permian in 1971.

Pipeline System Nears Completion

Construction is nearing completion on a 50-mile gathering system for the newly-discovered Big Wells field in southern Texas. Initial volumes to be handled through this system will exceed 10,000 barrels per day. Field limits have not yet been defined, and it is expected that production will increase further in 1971.

An extension to the company's Sprayberry gathering system of west Texas was made during 1970 to handle production from the rapidly-expanding Sale Ranch area of Martin and Midland counties. This area is convenient to Permian's terminal at Midland, Texas, and will offer opportunities for service work such as the sale of frac oil and the hauling of waste water and brine.

Marketing Efforts Expanded

Permian recently expanded its marketing efforts into the new Smackover trend areas of Mississippi, Alabama and Florida, and is already purchasing the production from the first wells at each of three wildcat discoveries on this trend.

Permian's early presence in this active area should present further opportunities to market the production of new discoveries as they are made. During 1970, Permian also purchased small gathering systems in New Mexico, Nebraska, Oklahoma and the Panhandle area of Texas.

Foreign Oil Marketing, Refining and Transportation Division

Increased sales of petroleum products, together with increased prices and higher earnings from the tanker fleet, were responsible for a substantial increase in 1970 earnings over the previous year by the foreign oil marketing, refining and transportation division. This division is now headed by George M. Williamson, executive vice president and general manager. He replaces Claude Geismar who has resigned to conduct personal business. Mr. Williamson has done an outstanding job as president of our Oxylibya subsidiary and is adding to his responsibilities in directing both Oxylibya and this division.

Marketing Activities

Sales of petroleum products to customers during 1970 totaled 63,800,000 barrels showing an increase of 24 per cent over 1969. Prices were generally depressed during the first part of the year but subsequently increased due to the general reduction in crude oil availability in the Mediterranean areas as well as higher freight rates. Product prices for gasoline and diesel fuels for home heating rose during the second half of 1970 — particularly pump prices in the retail field which increased by an average of three to four cents per U.S. gallon.

The volume of retail sales through owned and controlled service stations showed a high increase per outlet over the previous year. The division has concentrated its investment in high-volume company-owned or controlled service stations. During 1970, 125 such outlets were acquired in areas such as London, Frankfurt, Amsterdam and Brussels. We have started converting these service stations to the new OXY brand and colors with simultaneous conversions taking place in Holland, Belgium and Germany. In the United Kingdom, where our VIP brand name is widely known, we are now marketing under the VIP-OXY label.

Emphasis has also been placed on the home heating market. Distribution chains have been set up in Germany, Holland and the United Kingdom, selling OXY fuels to the individual homeowners. Sales increases were achieved in the wholesale and industrial markets in the United Kingdom, Belgium, Holland, Germany and Italy.

Refining Activities

Further expansion of our principal refinery at Antwerp was completed on schedule and went on stream in July, 1970, raising the crude oil processing capacity from 85,000 to 100,000 barrels per day. During the year, work began


OXY

on two additional refinery units which will upgrade certain refinery streams. One of these units will produce jet fuels and kerosenes. The other unit will produce oxidized asphalt for special industrial and building applications.

On February 18, 1970, the British Ministry of Technology granted to Occidental an industrial development certificate to construct a 120,000 barrels per day refinery on Canvey Island, located 30 miles east of London at the mouth of the river Thames. A three week public inquiry was held at Canvey Island last November following extensive technical and engineering studies which were necessary to present detailed plans on all aspects of the project to the local authorities. Great attention was focused on minimizing air, water and noise pollution as well as fresh water conservation and a visually pleasing industrial facility. Construction of the refinery is dependent upon further favorable decisions by United Kingdom authorities.

Transportation Activities

To meet increasing requirements for ocean transport of crude oil and products, arrangements have been made to increase our fleet to 49 chartered and three company-owned ships totaling 2.8 million tons deadweight. Included are 14 specialized bulk-oil and bulk-ore carriers. This compares with 21 ships totaling one million tons deadweight at the close of 1969. In addition, three VLCC's (very large crude carriers), among the world's largest tankers averaging 260,000 tons each, are on order for delivery in 1973, 1974 and 1975 under long-term charters.

Island Creek Coal Division

Under the leadership of its president, Stonie Barker, Jr., Island Creek Coal Company had an excellent year in 1970 with sales and profits the highest in the company's history. Net earnings from all sources were approximately 51 per cent above those of 1969 despite compliance with the requirements of the Federal Coal Mine Health and Safety Act of 1969, the loss of production efficiency caused by sporadic work stoppages and continuing shortages of railroad cars. These conditions reduced production and kept sales tonnages close to the same level as last year—31.9 million tons in 1970 compared with 31.5 million tons in 1969. Island Creek's earnings for 1970 and 1969 included $4.5 million and $8.9 million, respectively, from sales of coal lease rights. See "Other Developments" on page 36.

New Island Creek Mines

Two coal mines were completed in 1970—Providence No. 1, located in western Kentucky, and Pond Fork, located in southern West Virginia. These new mines are

Occidental's refinery in Antwerp, Belgium, produces OXY brand petrol retailed at company's growing chain of modern service stations in Europe. Upper left, company tanker truck hauls fuel to OXY filling stations in Holland

designed to produce up to 2,900,000 tons per year. The Providence mine serves the electric utility industry and is the first of three mines planned to develop the extensive Providence field reserves. Pond Fork produces utility and industrial steam coal.

Three additional mines were in various stages of development in 1970 — Virginia Pocahontas No. 3, a metallurgical coal mine in Buchanan County, Virginia, and the No. 9 and Hamilton No. 2 mines in western Kentucky. The latter two will serve the electric utility market, the No. 9 by unit train shipments and the Hamilton No. 2 by barge shipments from Island Creek's terminal on the Ohio River. These three mines are designed to produce up to five million tons annually.

Your company is continuing its program of expansion and planning of new mines to serve the growing electric utility, metallurgical, industrial and export markets.

Industry Coal Production and Marketing

Industry production of bituminous coal and lignite in 1970 was 590 million tons, according to preliminary figures of the U.S. Bureau of Mines. This is 5.3 per cent above the 1969 total of 560.5 million tons.

The production improvement which began in August brought to an end a "coal crisis" which had received high-level governmental attention during the mid-months of 1970. Under the impact of rising coal production, domestic customers were able to start replenishing their inventories and, by year-end, electric utility stockpiles were 71.3 million tons compared with 60.6 million a year earlier. At year-end, coal inventories at coke oven plants were 8.9 million tons, approximately the same as a year earlier but well above the 6.5 million tons on hand at the end of July, 1970.

Total U.S. coal consumption and exports increased by more than 24 million tons in 1970, the principal market changes being a growth of 12 million tons in electric utility consumption and nearly 13 million tons in overseas exports. In 1970, 50 per cent of the tonnage sold by Island Creek went to electric utilities and 17 per cent to metallurgical customers abroad.

The upward trend in coal prices, which began in late 1968 and carried through 1969, continued at an accelerated pace through the first three quarters of 1970 with prices leveling off in the final quarter.

Mine Safety Research Project

Island Creek is the prime private contractor in a federally-funded project being conducted at its Pond Fork mine in West Virginia to determine the feasibility of mining coal in an oxygen-free atmosphere. All mine openings will be sealed and the air inside replaced with an inert, oxygen-free gas. Miners wearing life-support suits will work in an atmosphere where the possibility of explosions and the problems of dust inhalation are virtually eliminated.

The conceptual phase of the program has been completed. On-site testing to ascertain the ability of miners to function effectively while wearing the life-support suits has begun. If successful, the development of a new mine near the existing Pond Fork mine to apply the concept will begin.

Future Outlook for Coal

Your company is very optimistic about the future of the U.S. coal industry in general and its Island Creek Coal division in particular. The rising worldwide demand for energy, coupled with the shortage of high-grade metallurgical coals, should assure an expanding opportunity for U.S. coal over the foreseeable future.

Coal reserves of your company total approximately 3.3 billion tons and include both coal used for power purposes and metallurgical coals. In addition, there are nearby deposits estimated at 800 million tons which our engineers feel can more economically be mined by Island Creek than by others.

Island Creek's Pocahontas fields in western Virginia contain 540 million tons of low-volatile metallurgical coal of extremely high quality. Demand for this coal is strong in the U.S. and abroad. Four mines, each designed to produce up to two million tons per year, are presently producing in this area. Another mine, of the same capacity, currently under construction at an estimated cost of $25 million, is being financed through a leading Japanese trading company. The trading company has entered into a contract on behalf of Japanese steel company consumers to purchase the total production of the mine at least through 1989.

The bulk of your company's sales are made under long-term contractual arrangements which contain price adjustment provisions designed to reflect changing market conditions or costs of production or both. Some of the coal delivered under these contracts will be produced from lease rights which have been sold. See page 41.

Chemical Divisions

Chemical operations are conducted by three divisions — Hooker Chemicals and Plastics, Oxy Metal Finishing, and Agricultural Chemicals, Fertilizers and Sulphur. Occidental's vice chairman, Thomas F. Willers, directs the activities of the chemical divisions aided by Morris M. Messing, president of Oxy Metal Finishing; James G. Baldwin, president of Hooker Chemicals and Plastics, and A. P. Gates, president of Occidental Chemical Company.

Sales of this group in 1970 were approximately five per cent above 1969's. However, profits declined below 1969 levels due to the general slowdown in the U.S. economy which adversely affected these operations.

Rare instance in underground mining when large excavation at a company mine in Kentucky permits almost immediate access to mineable coal seam

During 1970, several Latin American plastics companies and a number of metal finishing operations in Europe and Japan were acquired. In addition, several new products and processes, including some relating to waste disposal and pollution control, were developed.

Hooker Chemicals and Plastics Division

Sales in 1970 were up slightly by virtue of the Latin American acquisitions. Profits were less than in 1969 due to the economic slowdown and difficulties in advancing prices commensurate with cost increases. A number of new projects were initiated or completed in 1970 that are expected to increase production or improve manufacturing efficiencies. The more important of these projects are:

- Chlorine and caustic soda capacity at the industrial chemicals plant in Taft, Louisiana, is being expanded by 26 per cent. Engineering is also under way for a 30,000 tons per year sodium chlorate plant at Taft which will be the company's third major U.S. sodium chlorate facility. Your company is the largest U.S. producer of sodium chlorate.

- The Ruco division's polyvinyl chloride capacity is being tripled to 180 million pounds annually at Burlington, New Jersey.

- The Niagara Falls industrial chemical complex is now being supplied with salt brine from a new 50-mile pipeline installed during 1970. Scheduled to be installed during 1971 at Niagara Falls are a new steam plant, enlarged muriatic acid production facilities, a new process and product development center and new facilities to produce Hooker's family of fire retardant additives marketed under the Dechlorane name.

- The Durez division's new plant at Fort Erie, Ontario, commenced operations in mid-1970 to manufacture for Canadian markets phenolic resins, molding compounds, and fire retardant and corrosion resistant polyester resins marketed under the Hetron name.

Plastics Companies Acquired

Your company's investment in facilities for the manufacture and sale of plastic products was significantly increased during 1970. Of particular importance was the acquisition of the plastics and related businesses of W. R. Grace & Co. in Latin America, involving several companies in Brazil, Colombia, Mexico and Venezuela, for approximately $21 million including cash and $17.5 million of $8.00 nonconvertible preferred stock.

These companies produce vinyl films and coated fabrics for the furniture, automotive, footwear, wall covering and clothing markets. Other products produced include

Upper right, shower curtain production at Vulcan Material Plastico S. A. in Rio de Janeiro, Brazil. Left and lower right, Hooker Chemical's breathable, leatherlike fabric, Rucaire, has many commercial applications including furniture and fashions

polyurethane and latex foams, polyvinyl chloride pipe, plasticizers and decorative laminates.

While the overall market for the types of resins and plastics produced by your company did not increase in 1970 over 1969, sales were increased in certain product lines — chiefly industrial resins produced in Belgium, resins and molding compounds produced in Argentina, specialty urethane resins produced by the Ruco division in the United States and poromeric urethane coated fabrics marketed under the Rucaire name to furniture and apparel manufacturers.

Dechlorane Sales Increase

Sales were up during 1970 for Hooker's Dechlorane family of fire retardant additives. Research efforts on these additives have been expanded, and increased research and development efforts are also being made on plastic products with inherent fire retardant properties to meet the growing public interest in these materials.

Equipment Systems Developed

Two developments during 1970 in equipment systems are worthy of note. Hooker completed development of a unique process for producing chlorine dioxide from sodium chlorate in a single vessel. This process enables pulp mills to produce their chlorine dioxide for bleaching at a lower cost and without effluent problems. We anticipate earnings in future years both from sales of this equipment and the licensing of know-how regarding its use.

The other major equipment systems development is a new generation of Hooker diaphragm-type electrolytic chlorine cells. The new cells use metal anodes with resultant improved efficiencies and lower manufacturing costs. These new metal anodes are now being installed in three of Hooker's existing chlorine plants.

Searles Lake Plant under Construction

Your company has satisfactorily completed technical evaluation of a project to recover borax products, soda ash and potassium sulphate at Searles Lake, California. Construction of a $20 million facility to recover these products is now under way.

Oxy Metal Finishing Division

Occidental has widespread operations in the metal finishing field as a supplier of equipment, chemical processes and accessories for electroplating, conversion coating and other types of surface finishing. Due largely to the automobile strike and economic situation, sales in 1970 were lower than in 1969 with a resulting decline in profits.

The Oxy Metal Finishing Division is comprised of Sel-Rex, Udylite, Parker and Oxy Metal Finishing International with production and distribution facilities across the United States and around the world.

Sel-Rex Corporation

While Sel-Rex has been adversely affected by the substantial reverses of last year in the electronic component and hardware industry, it has maintained its share of the proprietary market.

A contribution to the integrated circuit manufacturing field was made with the introduction by Sel-Rex of specially-designed automatic and semi-automatic plating equipment which reduces material and production costs.

Interest continues to grow in Sel-Rex's series of alloy-gold formulations which do not involve the use of cyanide. Sel-Rex processes have been designed specifically for decorative plating as well as for industrial plating.

The recent installation of a new incinerator facility at Nutley, New Jersey, now permits Sel-Rex to char and burn industrial wastes to recover precious metals. With its new California refinery, Sel-Rex now has a west coast capability as well in the recovery of precious metals.

The Udylite Corporation

The Udylite Corporation, which supplies equipment, chemicals and processes for the electroplating and finishing of base metals, increased its sales for the first nine months of 1970 over the comparable period in 1969. The impact of the automotive strike during the last three months was especially severe since the automotive industry is one of Udylite's largest markets, and sales and earnings for the full year dropped below 1969's results.

In view of the increasing national concern with ecological problems, Udylite has perfected and is marketing its new product, the "Clean Water Machine," which makes it possible for electroplaters to remove cyanide and chromium pollutants from waste water at relatively low cost.

Also, in the area of environmental improvement, Udylite is offering electroplaters information on how to mitigate effluent problems and is making available new Udylite plating processes which reduce or eliminate toxic byproducts. In addition, Udylite has expanded its line of automatic bulk plating and processing machines.

Continued pilot plant, research and development work is being done utilizing the Hooker plating-on-plastic process on styrenic copolymers, polypropylene and other types of plastic materials.

Parker Division

Parker maintained its position as a leading supplier of proprietary metal treating and cleaning chemicals to the automotive, building and metal-working industries during 1970. However, Parker's sales and profits for the year were adversely affected by the automobile strike.

Our market share for chemicals used for preparing quick-chilling aluminum cans increased during the year.

Top, manufacturing gold solution for plating of watches and jewelry at Prochimie S.A. plant in Switzerland. Lower left, operator checks outflow of water used in chemical processing system at N.V. Hooker Chemical S.A. facility in Belgium. Lower right, customers regularly send thousands of microsections to Oxy Metal Finishing (Europe) S.A. in Geneva for test work by company's service staff



Cuprobond, a finish used to facilitate steel wire drawing, gained acceptance.

Parker's research team has augmented its line with new products as well as making several additions and improvements to the Bonderite line of paint base conversion coating chemicals which have been Parker's fundamental product line in the past.

Oxy Metal Finishing International Division

Substantial growth was achieved in 1970 by the Oxy Metal Finishing International Division with sales rising 20 per cent over the previous year.

Special emphasis was placed upon new acquisitions in Europe. During 1970, two companies in Holland were acquired which now operate as Oxy Metal Finishing (Benelux) N.V. These companies are distributors of Occidental's electroplating equipment and chemical products manufactured in Europe. An Austrian distributor of electroplating chemicals and equipment was acquired in 1970 with a view to expanding sales of metal finishing products to eastern Europe.

Joint Venture Formed

Late in December, 1970, a joint venture was entered into in Europe with MacDermid, Incorporated to utilize the technology of MacDermid and Hooker in marketing a broad range of metal treating specialties outside the U.S.

Industrias Quimicas Ingalco S.A.I.C.F., of Argentina, became a wholly-owned subsidiary in February, 1970. This metal finishing supply company makes and sells Parker, Udylite and Sel-Rex products to the Chilean and Uruguayan markets as well as in Argentina. Sel-Rex products were also added to the product lines of our present Udylite subsidiaries in Mexico and Brazil.

Southeast Asian Markets

In the Far East, Oxy Metal Finishing (Asia) Limited, Hong Kong, was organized to service the southeast Asian market for metal finishing products. This area has developed a concentration of electronics companies and component makers, creating an active market for our products in Korea, Taiwan and Hong Kong.

In Australia, our subsidiary, Hooker Chemical (Australia) Pty. Limited, began manufacturing Sel-Rex products. Hooker Chemical (N.Z.) Limited also began operations in New Zealand as a distributor of Parker, Sel-Rex and industrial cleaner products.

Upper left, raw chemicals await processing at N.V. Hooker Chemical S.A. plant in Belgium. Lower left, one of many problem-solving seminars at Oxy Metal Finishing (Europe) S.A. research center in Geneva, Switzerland, conducted by company personnel and attended by engineers and scientists from customers' plants. Right, engineer examines core of electro furnace at Efco Limited in England

Agricultural Chemicals, Fertilizers and Sulphur Division

The fertilizer industry continued to be hampered by oversupply and low sales prices in 1970. Nevertheless, your company's agricultural chemicals, fertilizers and sulphur division, Occidental Chemical Company (Oxychem), achieved a 9.8 per cent or $18 million increase in sales and recorded a modest profit.

Feed Supplements Plant Completed

In November, 1970, our 100,000 tons per year plant for the production of Pollyphos (Occidental's brand name for defluorinated phosphate) was completed at our Suwannee River chemicals complex in northern Florida.

Feed supplements other than Pollyphos are also produced and marketed including dicalcium phosphate, monodicalcium phosphate, ammonium sulphate and phosphoric acid, giving Occidental a broad product line. Total sales of these products in 1970 were six per cent higher than in 1969 and, with the production from our new plants, further improvement in sales is expected in 1971.

Leather's Chemical Company Acquisition

Leather's Chemical Company Limited, a United Kingdom company dating back to 1750, was acquired in March, 1970. Leather's produces sulphuric acid from three plants in northern England including its new St. Helens plant which is one of the largest single-stream sulphuric acid plants now in operation in western Europe. Leather's also produces iron sulphate and animal feed supplements and markets a variety of acids and other products.

Phosphate Rock Production

Despite intense competition, phosphate rock production at Occidental's Suwannee River phosphate mine stayed at the same level of 2.3 million tons maintained the past three years.

A long-term contract involving the sale of three million tons of phosphate rock was executed in 1970 with Shahpur Chemical Company Limited of Tehran, Iran. Key factors in obtaining this contract were the excellent chemical and physical characteristics of Occidental's phosphate rock.

Crop Protection Marketing Expanded

Oxychem has expanded its marketing activities for crop protection chemicals such as herbicides, insecticides, fungicides and nematocides over the past two years. Sales of these products were up 36 per cent over 1969 levels.

Tanker truck loads liquid carbon dioxide at Occidental Chemical Company's ammonia manufacturing plant in Lathrop, California. Gypsum pond in foreground

Sales volumes and profits of your company's international fertilizer and commodity marketing division, Interore, declined from 1969 levels. This was mainly a reflection of marked decreases in overseas shipments of fertilizers and phosphate rock caused by reductions in A.I.D. shipments by the U.S. government and increases in ocean freight rates.

Jefferson Lake Sulphur Company

Oxychem's domestic sulphur division, Jefferson Lake Sulphur Company, produced 390,000 long tons during 1970 from its Long Point and Tilden, Texas, and Lake Hermitage, Louisiana, operations, representing an increase of nine per cent over 1969. Net shipments of 314,000 long tons were about the same as in 1969, of which approximately 68 per cent was consumed by Oxychem in the manufacture of fertilizers and sulphuric acid.

The cost of sales during 1970 was reduced by $3.80 per ton compared to the previous year. However, sulphur prices on the average declined by almost ten dollars per long ton so that, in spite of the favorable variance in unit cost of sales, net income dropped.

Sulphur Sales by Petrochem

In Canada, the net share of sulphur sold by Jefferson Lake Petrochemicals during 1970 amounted to 213,000 long tons, a decline of 3.7 per cent below 1969. This sales performance was accomplished only through drastic price cutting which resulted from the oversupply of Canadian sulphur and was intensified by the increase in ocean freight rates. The bulk of Canadian sulphur is sold in foreign markets.

The condition affecting the Canadian sulphur producers is not unlike the situation which prevailed in the Canadian potash markets for several years where overproduction had driven prices below economic levels. In the case of potash, the Canadian government took steps to regulate production and sales, and that industry has now made a substantial recovery. Your company believes that, in the interest of giving Canadian producers a fair return on investment, the Canadian government may have to take similar action with respect to sulphur.

Future Outlook for Fertilizer Industry

On a long-term basis, recovery of the fertilizer industry is expected to be slow. Oxychem is devoting its research and development efforts to new products as well as to

Leather's Chemical Company Limited, acquired by Occidental in 1970, operates several plants in England. Tanker trucks are shown loading at Leather's St. Helens facility, one of largest single-stream sulphuric acid plants in Europe

proprietary agricultural chemicals, areas which offer a more favorable near-term profit potential.

Other Divisions

Minerals Division

Under the supervision of Paul A. Bailly, president, your company's minerals division, Occidental Minerals Corporation (Oxymin), concentrated its efforts in 1970 on several metallic targets resulting from previous reconnaissance.

Zinc mineralization was discovered in a 15-mile belt in central Tennessee near Carthage where your company controls approximately 10,000 acres with more lands being optioned. Drilling indicates the possible existence of a flat-lying ore deposit at depths between 1,200 and 1,400 feet. Sixty-six holes have been completed including 18 holes which show zinc intercepts at least 10 feet thick with the average thickness being 14.7 feet and the average zinc grade 5.59 per cent. Eighteen additional holes show lower grade zinc intercepts. These results compare favorably with those in zinc producing areas in eastern Tennessee. More work will be required before any reliable estimate of reserves and commercial profitability can be assessed.

Exploration for Copper

Development drilling of a copper prospect in a mining district near Miami, Arizona, has resulted in the discovery of copper mineralization on lands adjacent to presently producing copper properties.

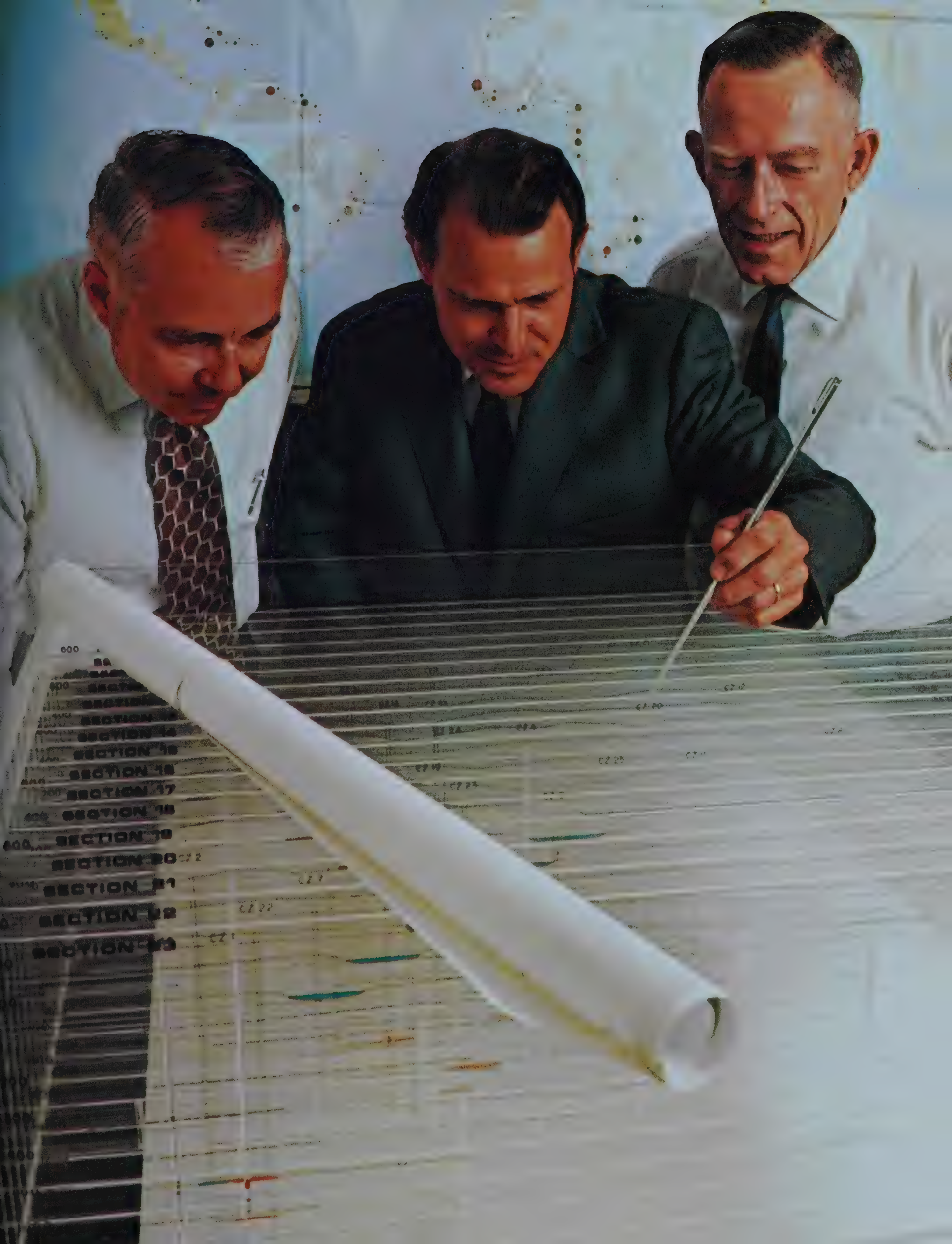
In the target area, Oxymin controls approximately 7,000 acres in claims or under lease. Ten out of 18 wide-spaced drill holes completed to date have intercepted copper oxide mineralization at depths between 1,100 feet and 2,000 feet. The thickness of these intercepts varies between 103 and 368 feet, and the grade varies between 0.56 and 1.26 per cent copper. Additional drilling and testing will be required to delineate the limits of mineralization and gather data necessary for a feasibility study.

Arizona Exploration Agreement

Oxymin has entered into an agreement to explore for mineral deposits on the Papago Indian Reservation in southwestern Arizona, a geologically attractive copper province. If an ore deposit is discovered, development and operations will be conducted under a joint venture agreement with the Papago Indian tribe.

In Nevada, several geophysical anomalies were drilled on the Walker Indian reservation during the past year without our finding any economically significant copper

Elemental bulk sulphur inventoried at Petrochem plant in Calgary, Alberta, Canada, pending shipment to world markets. Right, members of Oxymin staff discuss latest drilling results plotted on plastic scale model of zinc exploration project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mineralization. A feasibility study indicates that, without the presence of copper in commercial quantity, the deep iron ore deposit previously found at this location cannot successfully compete with other domestic sources of iron ore. These results have led your company to terminate this project.

Explore for Minerals in Canada

Oxymin conducted a helicopter-supported reconnaissance program in the Yukon for copper-molybdenum deposits in 1970 and staked claims to over 23,000 acres which will be further evaluated during 1971.

Occidental Minerals Corporation of Venezuela, an Oxymin subsidiary, has submitted a bid for the development of a nickel laterite deposit located 60 miles from Caracas, Venezuela.

Research and Development Division

While certain of Occidental's operating division's maintain their own research and product development staffs, Occidental's wholly-owned subsidiary, Garrett Research and Development Company, Inc., with Dr. Donald E. Garrett as president and director of research, is the organization that coordinates these efforts and carries out major new process developments.

Recovery Projects

Garrett is developing a process for recovery of anhydrous hydrofluoric acid from the fluorine wastes from Oxychem's north Florida phosphate plant. If further testing confirms this process, the production of hydrofluoric acid from phosphate could ultimately become a major U.S. source of the widely-used chemical element, fluorine. The Hooker chemical division consumes a considerable amount of fluorine in its production of a variety of intermediate organic compounds, including insecticides.

Also, at our Suwannee River phosphate operations in Florida, Garrett and Oxychem are continuing development work on a process for the disposal of slimes (waste material) after recovery of additional phosphate.

Coal Conversion Pilot Plant

An important development project conducted by Garrett is concerned with the conversion of coal into oil, gas and coke and the removal of sulphur contained in the coal. Laboratory results have been sufficiently attractive to justify recent construction of a pilot plant facility in order to determine commercial feasibility of the process.

Garrett is conducting laboratory research involving recycling of municipal solid wastes and other organic waste materials, seeking means to economically recover metals, glass and other usable materials. Garrett also carries out research for business and governmental agencies on a fee basis. Projects for the suppression of coal dust in mines and for the disposal of effluents from desalination plants have been completed for the federal government.

Real Estate Division

Our real estate division, Occidental Petroleum Land and Development Corporation with Lawrence E. Kagan as president, is concentrating its efforts on recreational land projects in California and adjoining western states and, at the present time, has four recreational projects scheduled for 1971.

Construction of the first of several planned mobile home parks has begun. Land is continuing to be sold to other builders for apartment and single family residence construction and for commercial and industrial development.

Development of the Lake Forest planned community project located in Orange County, California, continues. The sale of new homes has been at a reduced rate for us as well as for the industry during the past year due primarily to the difficulty of financing home purchases. This has created a backlog of demand for new homes in southern California and, with interest rates lowering, an improvement is expected for our operations. Meanwhile, we are continuing sales of land at Lake Forest to other builders.

During 1970, the division entered into four land sale transactions on which profits of $4.2 million and $5.1 million were reported in the first and second quarters, respectively. These profits were fully reserved against in the third and fourth quarters, so that they do not appear in the company's consolidated financial statements for the year 1970. The company's accounting for these transactions has been questioned by the SEC. See "Other Developments" on page 36.

International Hotel Division

A new Occidental hotel division was established in 1970 with Charles B. Clement, Jr., formerly an executive with Holiday Inns, Inc., named as president. This division is coordinating and expanding our operations with Holiday Inns in Europe, Africa and the Middle East. In Marrakech and Fez, the first two Holiday Inns completed in Morocco under the Occidental-Holiday Inns joint venture are in operation. Two others in Casablanca and Tangier will open this spring. These 300-room, five-star hotels are largely financed by the Moroccan government. Another hotel will open in Monte Carlo later in 1971.

Your company has entered into a joint venture agreement with the Swiss hotel-restaurant chain, Moevenpick Holding, under which three hotels are to be built in

Bench scale pilot plant, above, at Garrett Research laboratories in LaVerne, California, recovers phosphoric acid from Suwannee River chemical complex waste materials. Larger Garrett pilot plant, below, provides engineering design data for process to convert coal into oil, gas and coke and remove sulphur from coal

Switzerland. A joint venture between Occidental and Tower International of Cleveland, Ohio, has been granted a ten year exclusive franchise by Holiday Inns for licensing in eight countries in eastern Europe. All financing is to be provided by the host governments, and construction of the first two hotels is scheduled to commence in 1971.

Financial Review

Your company increased sales, earnings, total assets, cash flow and shareholders' equity in 1970, as summarized below:

	1970	1969
	(Amounts in millions)	
Net sales and other revenues	$2,402.3	$2,059.1
Earnings (a)	175.2	174.8
Operating cash flow	282.0	247.5
Total assets	2,563.0	2,213.5
Shareholders' equity	973.8	859.8
Cash dividends paid	74.0	71.5

(a) Includes income from sale of coal lease rights amounting to $4.5 million in 1970 and $8.9 million in 1969. See "Other Developments" on page 36 and special note to company's consolidated statements of income on page 41.

These achievements are especially significant in light of the aforementioned difficulties in Libya and lower earnings from the Hooker chemical division. Offsetting these factors were improved results in the Island Creek Coal division and in the foreign oil refining, marketing and transportation group.

Divisional Earnings Contributions

The percentage contributions to earnings of the various divisions, before common corporate costs and net interest expense, are summarized as follows:

	1970	1969
Oil and Gas		
International Production and Exploration	36%	45%
International Refining, Marketing and Transportation (a)	22%	10%
North America	9%	11%
Chemical Operations	20%	25%
Coal Operations (b)	15%	11%
Other Operations	(2%)	(2%)

(a) Libyan oil is supplied to our own refining and marketing division at approximately the same average price charged to our other customers.
(b) Includes income from sale of coal lease rights amounting to $4.5 million in 1970 and $8.9 million in 1969. See "Other Developments" on page 36 and special note to company's consolidated statements of income on page 41.

One of two new Occidental-Holiday Inns joint venture hotels open for business in Marrakech and Fez, Morocco. Other new hotels to open in Africa, the Middle East and Europe. Below, unusual charm and beauty are hallmarks of attractive Garden Homes constructed and marketed at Occidental's Lake Forest development in Orange County, California

Cash Flow and Financing

Cash flow from operations in 1970 was $282 million, up 14 per cent over 1969's $248 million. In addition, new medium and long-term financing arranged under the direction of our senior vice president-finance, Dorman L. Commons; Charles J. Lee, vice president and treasurer, and James L. Murdy, controller, enabled your company to continue its substantial capital expansion and meet all other cash requirements.

Net working capital increased from $306 million to $352 million, including an increase in cash balances from $278 million to $313 million. Further flexibility was provided in 1971 when your company increased its basic domestic revolving credit agreement from $140 million to $215 million and arranged an additional $25 million Eurodollar term credit.

Occidental's international financing arrangements and cash flow also enabled the company to comply with the United States Department of Commerce's foreign direct investment program without restricting growth abroad. Under this program, Occidental's cash repatriation to the United States totaled $146 million in 1970 by year's end.

Assets and Shareholders' Equity

Occidental's assets totaled almost $2.6 billion at the end of 1970, an increase of 16 per cent over the prior year. Shareholders' equity, after the distribution of $74 million in cash dividends, increased by $114 million to $974 million.

Capital expenditures in 1970 were $232 million, down $112 million or 33 per cent from the 1969 figure, principally due to reduced outlays for production, pipeline and terminal facilities in Libya.

Summary of Capital Expenditures

Following is a summary of capital expenditures categorized by the major operating divisions:

	1970	1969
	(Amounts in millions)	
Oil and Gas Operations:		
International Production and Exploration	$ 87	$188
International Refining, Marketing and Transportation	10	16
North America	25	41
	122	245
Chemical Operations	48	35
Coal Operations	55	62
Other Operations	7	2
	$232	$344

Ten Year Summary

We call your attention to the ten year statistical summary of consolidated operations at page 50 for a more comprehensive presentation of the company's growth. Comparisons have been made of the information as it was originally reported without adjustment for subsequent

acquisitions accounted for on a pooling of interests basis and also after giving effect to the earnings of such acquired companies in all periods. The latter comparisons are particularly significant since they reflect the growth over the ten year period of the major operating units that now constitute Occidental.

This summary is dramatic evidence of your company's growth since 1961. During this ten year period revenues, as originally reported, rose from $5 million in 1961 to $2.4 billion in 1970, while net income increased from $948,000 in 1961 to approximately $175 million in 1970. Also during this period, the book value of Occidental's total assets as originally reported of $14.6 million at the close of 1961 increased to $2.6 billion on this year's balance sheet. On the same basis, the company's net worth increased from $8.3 million to $974 million during the period. See the ten year statistical summary of consolidated operations for a presentation of comparable statistics on a fully-pooled basis which retroactively includes companies acquired during this period.

Your management believes that these growth statistics provide ample evidence of the wisdom of worldwide diversification and that ownership of natural resources represents the best assurance for Occidental's long-range growth in asset values and earnings. Our reserves of natural resources are carried on our balance sheet at their costs of discovery and development which, in most cases, is far less than their actual worth.

Other Developments

SEC Consent Judgment

On March 4, 1971, the Securities and Exchange Commission (SEC) filed a suit in the United States District Court for the Southern District of New York against Occidental and Dr. Armand Hammer, chairman of the board and chief executive officer of Occidental, alleging, among other things, that Occidental improperly recognized income from various transactions in certain quarters in 1969 and 1970 and in its annual statements for 1969 and 1970, and issued press releases, quarterly reports to stockholders and other reports which failed to disclose that such income was improperly recorded, or failed to disclose the origin of certain other income, or gave misleading information as to oil production and projected coal production and projected earnings in 1970.

An injunction was sought to restrain the defendants from violating Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 issued thereunder. On the express basis that they were not thereby admitting any of the allegations contained in the SEC's complaint, but were acting solely in order to avoid costly and protracted legal proceedings, Occidental and Dr. Hammer consented to the entry of a permanent injunction.

Civil Suits Filed

Since the filing of the SEC complaint, a number of class actions and a derivative action have been filed in various jurisdictions against Occidental, its chairman and others, containing allegations similar to those in the SEC complaint. The class actions seek damages in amounts not yet ascertainable which were allegedly suffered, by persons who purchased or held Occidental securities, as a result of the alleged violations of Section 10(b) and other sections of the Securities Exchange Act of 1934. The company has been advised by special legal counsel that, based upon the information known to them, the defendants appear to have a meritorious defense to the claims made in these actions and should prevail. The derivative action does not seek damages against the corporation.

Transactions Involved

The only income from transactions questioned by the SEC which was included in the company's earnings reports for the full years ended December 31, 1970 and 1969, is that arising from four sales of undivided interests in certain coal lease rights. Profit of $4.5 million in 1970 and $8.9 million in 1969 was recorded on these transactions. The SEC also questioned, among other things, four land sale transactions in the first half of 1970 on which the profit of $9.3 million initially recorded was fully offset by reserves established in the third and fourth quarters, so that it was not included in net income for the year.

The SEC's position is that immediate recognition of gain in these transactions was improper. The company's position is that current recognition was proper.

In view of the SEC's allegations, the company has agreed that it will not include in current earnings the profits from future transactions similar to the coal lease and real estate transactions referred to in the SEC's complaint without appropriate resolution of these issues and notice to the commission.

Increase in Number of Shareholders

The number of Occidental shareholders increased again during 1970 and, at year-end, there were approximately 302,000 common shareholders, an increase of 18 per cent over 1969. Adding preferred shareholders of all classes, this brings total shareholders in the Oxy family to about 350,000 including the estimated number of shareholders whose shares are held in street name.

During the past five years, your executives and other employees, through the exercise of stock options and employee thrift plan participation, made investments of approximately $33 million in the purchase of your company's stock. This powerful incentive of employee ownership benefits every phase of Occidental's operations.

Company Purchases Own Shares

From time to time during 1970, your company continued to make purchases of its own shares for treasury purposes. A total of 308,800 shares were purchased during the year in accordance with procedures prescribed by the Securities and Exchange Commission. At the end of 1970, 566,497 common shares were held in treasury.

During the past year, the total number of your company's employees increased to approximately 33,000 at year-end. Your management expresses its thanks to Paul C. Hebner, vice president and corporate secretary; Thomas Wachtell, vice president and executive assistant to the chairman of the board; Ronald P. Klein, vice president and general counsel, and our assistant general counsels, Dean B. Lewis, Kenneth A. McGaw and John W. Alden; W. Marvin Watson and Tim M. Babcock, president and executive vice president, respectively, of Occidental International Corporation, and to all of Occidental's dedicated and highly-skilled executives and operating staffs without whose efforts the achievements of the past year would not have been possible.

Conclusion

The year just past has been a trying one, particularly in light of the uncertainties of the international oil situation. Nevertheless, Occidental continued to maintain its long record of increasing sales and profits.

In this report, we have discussed the company's plans for expansion and new business development which we expect will enable your company to continue its growth and achievements in coming years. Some of these are:

- The mine construction program of Island Creek which projects a substantial increase in coal production over the next several years.
- The expansion of chemical production facilities together with the development of new chemical products and processes.
- The increased exploration and development of oil and gas prospects which we now hold or are in the process of negotiating.
- The continued expansion of European refining, marketing and marine transportation facilities.

We look forward with anticipation to new growth and improved earnings in the future.

By order of the board of directors,

Armand Hammer

Armand Hammer
Chairman of the Board

William Bellano

William Bellano
President

April 30, 1971

Occidental Petroleum Corporation Board of Directors, left to right: Thomas F. Willers, Arthur Groman,* Herman L. Vail, Claude Geismar (resigned), William Bellano,* Dr. Armand Hammer,* Paul C. Hebner,* Neil H. Jacoby,* Eugene C. Reid, James L. Hamilton, Charles K. Schwartz

*Members of the Executive Committee

Board of Directors

Dr. Armand Hammer, *Chairman of the Board*
and Chief Executive Officer
Occidental director since 1957

William Bellano, *President*
and Chief Operating Officer
Occidental Director since 1968
Island Creek Coal Company director since 1964

Thomas F. Willers, *Vice Chairman of the Board*
President, Hooker Chemical Corporation
Occidental director since 1968
Hooker Chemical Corporation director since 1960

Arthur Groman, *Senior Partner of*
Mitchell, Silberberg & Knupp, Los Angeles
Occidental director since 1957

James L. Hamilton, *Retired, formerly Chairman*
of the Board of Island Creek Coal Company
Occidental director since 1968
Island Creek Coal Company director since 1955

Paul C. Hebner, *Vice President and Secretary*
Occidental director since 1960

Neil H. Jacoby, *Professor, formerly Dean,*
Graduate School of Business Administration,
University of California at Los Angeles
Occidental director since 1959

E. C. Reid, *Retired*
Formerly Senior Executive Vice President
Occidental director since 1959

Charles K. Schwartz, *Retired, Senior Partner of*
Gottlieb & Schwartz, Chicago
Occidental director since 1957

Herman L. Vail, *Senior Partner of*
Sayre, Vail, Steele & Renkert, Cleveland
Occidental director since 1968
Island Creek Coal Company director since 1949

Officers

Dr. Armand Hammer, *Chairman of the Board and Chief Executive Officer*

William Bellano, *President and Chief Operating Officer*

Thomas F. Willers, *Vice Chairman of the Board; President and Chief Executive Officer, Hooker Chemical Corporation*

Dorman L. Commons, *Senior Vice President–Finance*

George M. Williamson, *Executive Vice President; General Manager, Foreign Oil Marketing, Refining and Transportation Division; President, Occidental of Libya, Inc.*

A. P. Gates, *Executive Vice President for Agricultural Chemicals, Fertilizers and Sulphur*

Donald E. Garrett, *Executive Vice President for Research and Development*

E. F. Reid, *Executive Vice President, Oil and Gas Exploration and Production*

Charles C. Horace, *Vice President, Manager of Oil and Gas Production*

Robert A. Teitsworth, *Vice President, Manager of North American Oil and Gas Exploration*

Richard H. Vaughan, *Vice President, Manager of International Oil and Gas Exploration*

Ronald P. Klein, *Vice President and General Counsel*

Thomas Wachtell, *Vice President, Executive Assistant to the Chairman of the Board*

Paul C. Hebner, *Vice President and Secretary*

Charles J. Lee, *Vice President and Treasurer*

James L. Murdy, *Controller*

Executive Staff

W. Marvin Watson, *President, Occidental International Corporation*

Tim M. Babcock, *Executive Vice President, Occidental International Corporation*

Paul A. Bailly, *President, Occidental Minerals Corporation*

James G. Baldwin, *President, Hooker Chemicals and Plastics Division*

Stonie Barker, Jr., *President, Island Creek Coal Division*

Charles B. Clement, Jr., *President, Occidental Hotel Corporation*

Thomas D. Jenkins, *President, The Permian Corporation*

Lawrence E. Kagan, *President, Occidental Petroleum Land and Development Corporation*

Morris M. Messing, *President, Oxy Metal Finishing Division*

Carl W. Blumay, *Director of Public Relations*

Financial Statements

Occidental Petroleum Corporation and Consolidated Subsidiaries

Consolidated Statements of Income

For the years ended December 31, 1970 and 1969

	1970	1969
	(Amounts in thousands)	
REVENUES:		
Net sales and other revenues	$2,402,293	$2,059,098
Interest, dividends, etc.	27,561	28,568
	2,429,854	2,087,666
COSTS AND OTHER DEDUCTIONS:		
Cost of sales	1,823,673	1,580,408
Selling, general administrative and other operating expenses	152,284	127,180
Provision for domestic and foreign income taxes (Note 8)	224,488	165,534
Interest and debt expense	53,807	38,502
Minority interest in income of subsidiaries	368	1,207
	2,254,620	1,912,831
Net income including sales of coal lease rights (Note 5)	$ 175,234	$ 174,835
NET INCOME AS COMPUTED IN ACCORDANCE WITH ALLEGATIONS OF SECURITIES AND EXCHANGE COMMISSION★ (Notes 4 and 5):		
Net income including sales of coal lease rights	$ 175,234	$ 174,835
Less—sales of coal lease rights	4,459	8,933
Net income excluding sales of coal lease rights★	$ 170,775	$ 165,902
PRIMARY EARNINGS PER SHARE (Note 7):		
Net income including sales of coal lease rights	$2.92	$2.97
Net income excluding sales of coal lease rights★	$2.83	$2.80
FULLY DILUTED EARNINGS PER SHARE (Note 7):		
Net income including sales of coal lease rights	$2.53	$2.54
Net income excluding sales of coal lease rights★	$2.47	$2.41

★The Securities and Exchange Commission has alleged that sales of coal lease rights should not have been currently included in income in 1970 and 1969 (See Notes 4 and 5). The company believes that the inclusion of such sales in current income was proper. If such sales were not currently included in income, income and earnings per share would be as set forth above on the asterisked lines. These allegations were made in a complaint filed by the Securities and Exchange Commission on March 4, 1971, against Occidental and its chairman alleging, among other things, that Occidental improperly recognized income from various transactions in certain quarters in 1969 and 1970, and in its annual statements for 1969 and 1970, and issued press releases, quarterly reports to shareholders and other reports which failed to disclose that such income was improperly recorded, or failed to disclose the origin of certain other income, or gave misleading information as to oil production, projected coal production and projected earnings in 1970. An injunction was sought to restrain the defendants from violating Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 issued thereunder. In order to avoid costly and protracted legal proceedings, and without admitting the truth of the allegations, Occidental and its chairman consented to the entry of a permanent injunction.

The accompanying notes are an integral part of these statements.

Occidental Petroleum Corporation and Consolidated Subsidiaries

Consolidated Statements of Shareholders' Equity

For the years ended December 31, 1970 and 1969

	Preferred Stocks (Note 6)	Common Shares (Note 6)	Capital Surplus	Retained Earnings
	(Amounts in thousands)			
BALANCES, DECEMBER 31, 1968	$7,107	$ 9,619	$445,853	$295,272
ADD (DEDUCT):				
Net income including sales of coal lease rights★	—	—	—	174,835
Issuance of shares—				
Exercise of employee stock options	20	38	4,801	—
Conversions of preferred stocks	(990)	597	367	—
Dividends—				
Cash on common shares	—	—	—	(48,185)
Cash on preferred stocks	—	—	—	(23,351)
Common shares	—	97	21,934	(22,257)
Cost of common shares reacquired	—	—	—	(5,508)
Other, net	—	—	(402)	—
BALANCES, DECEMBER 31, 1969	6,137	10,351	472,553	370,806
ADD (DEDUCT):				
Net income including sales of coal lease rights★	—	—	—	175,234
Issuance of shares—				
In partial consideration for purchase of businesses	175	—	17,310	—
Exercise of employee stock options	2	11	732	—
Conversions of preferred stocks	(538)	327	208	—
Dividends—				
Cash on common shares	—	—	—	(52,582)
Cash on preferred stocks	—	—	—	(21,410)
Common shares	—	104	9,270	(9,638)
Cost of common shares reacquired	—	—	—	(5,264)
BALANCES, DECEMBER 31, 1970 (Note 3)	$5,776	$10,793	$500,073	$457,146

★See dual presentation and special note on consolidated statements of income.

The accompanying notes are an integral part of these statements.

Occidental Petroleum Corporation and Consolidated Subsidiaries

Consolidated Statements of Funds

For the years ended December 31, 1970 and 1969

	1970	1969
	(Amounts in thousands)	
SOURCE OF FUNDS:		
Net income including sales of coal lease rights★	$175,234	$174,835
Add (deduct)—		
Depreciation, depletion and amortization	113,572	86,097
Earnings of unconsolidated subsidiaries, minority interest and other noncash items, net	(6,762)	(13,420)
	282,044	247,512
Proceeds from—		
Stock options exercised	745	4,859
Issuance of preferred stock on purchase of businesses	17,500	—
Long-term borrowings	234,882	248,406
Long-term debt issued on purchase of business	—	24,562
Sale of future production	7,200	42,000
Disposals of property, plant and equipment	3,888	1,235
	546,259	568,574
USE OF FUNDS:		
Additions to property, plant and equipment	231,783	343,696
Payment of cash dividends	73,992	71,536
Purchase of businesses, net of working capital acquired	18,419	26,227
Purchase of treasury stock	5,264	5,508
Payments on long-term borrowings	90,608	83,034
Liquidation of production payments	14,715	45,231
Investments, advances, etc.	27,518	16,141
Additions to other assets	19,921	29,063
Other, net	18,751	5,878
	500,971	626,314
INCREASE (DECREASE) IN WORKING CAPITAL	$ 45,288	$ (57,740)

★See dual presentation and special note on consolidated statements of income.

The accompanying notes are an integral part of these statements.

Occidental Petroleum Corporation and Consolidated Subsidiaries

Consolidated Balance Sheets

December 31, 1970 and 1969

	1970	1969
	(Amounts in thousands)	
Assets		
CURRENT ASSETS:		
Cash	$ 312,763	$ 277,631
Marketable securities, at cost which approximates market	2,430	10,657
Receivables, net of reserves	434,483	348,045
Inventories, substantially at lower of cost (average or first in, first out) or market	195,142	152,195
Prepaid expenses	17,620	15,789
Total current assets	962,438	804,317
LONG-TERM RECEIVABLES, net of reserves	39,880	30,475
INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED SUBSIDIARIES AND AFFILIATED COMPANIES (Note 1)	132,809	101,877
PROPERTY, PLANT AND EQUIPMENT, at cost (Notes 2 and 3) net of accumulated depreciation, depletion and amortization of $532,766 and $449,225 in 1970 and 1969, respectively	1,300,704	1,153,444
OTHER ASSETS, less amortization	127,171	123,393
	$2,563,002	$2,213,506

The accompanying notes are an integral part of these balance sheets.

	1970	1969
	(Amounts in thousands)	
Liabilities		
CURRENT LIABILITIES:		
Notes and debt due within one year	$ 143,462	$ 104,936
Accounts payable and accrued liabilities	298,233	246,172
Cash dividends payable	13,356	12,917
Domestic and foreign income taxes (Note 8)	155,607	133,800
Total current liabilities	610,658	497,825
LONG-TERM DEBT (Note 3)	862,986	718,170
DEFERRED CREDITS:		
Revenue on sale of future production	52,830	60,345
Deferred domestic and foreign income taxes (Note 8)	26,218	31,177
Other	19,311	30,566
	98,359	122,088
CONTINGENT LIABILITIES AND COMMITMENTS (Note 4)		
MINORITY EQUITY IN SUBSIDIARIES	17,211	15,576
SHAREHOLDERS' EQUITY (Notes 3, 6 and 7):		
Preferred stocks (aggregate preference on involuntary liquidation $548,839)	5,776	6,137
Common shares	10,793	10,351
Capital surplus	500,073	472,553
Retained earnings	457,146★	370,806★
	973,788	859,847
	$2,563,002	$2,213,506

★See consolidated statements of shareholders' equity.

Notes to Consolidated Financial Statements

1. Principles of consolidation and acquisitions The consolidated financial statements include the accounts of Occidental Petroleum Corporation and its significant subsidiaries. Certain insignificant subsidiaries have not been consolidated since their operations are not similar to those of Occidental and its consolidated subsidiaries. All material intercompany accounts and transactions have been eliminated.

At December 31, 1970, investments in unconsolidated majority-owned subsidiaries are stated at amounts equivalent to the equity in net assets of those companies, except that certain investments in and advances to foreign subsidiaries and affiliates are stated at the lower of cost or the equity in their net assets. The equity in net income of unconsolidated subsidiaries, which is not significant, is included in interest, dividends, etc., in the accompanying consolidated statements of income.

Foreign assets and liabilities have been translated to U.S. dollars at year-end exchange rates, except that property and long-term debt have been translated at approximate rates prevailing when acquired or incurred. Income and expense items have been translated at average rates of exchange prevailing during the year, except that depreciation has been calculated at the approximate rates prevailing when the properties were acquired.

In July, 1970, Occidental purchased from W. R. Grace & Co. the latter's vinyl film, coated fabrics, plastics and related operations in Central and South America for cash and the issuance of $8.00 nonconvertible preferred stock of Occidental, totaling approximately $21 million. This acquisition was accounted for as a purchase.

Approximately $1,166 million of assets, $863 million of liabilities and $1,108 million of revenues included in the consolidated financial statements, pertain to operations outside the United States and Canada.

2. Property, plant and equipment, at cost

	December 31 1970	December 31 1969
	(Amounts in thousands)	
Oil and gas operations —		
International production, exploration, pipeline, etc.	$ 464,664	$ 381,419
International refining, marketing and transportation	154,418	145,269
North America	224,571	208,082
Chemical operations	622,374	544,826
Coal operations	367,443	323,073
	1,833,470	1,602,669
Less — Accumulated depreciation, depletion and amortization	532,766	449,225
	$1,300,704	$1,153,444

All costs of exploring for and developing oil and gas reserves are capitalized and charged to operations over the life of estimated future production. Oil and gas operations outside North America are accounted for on a country-by-country basis under this practice.

Depreciation of plant and equipment has been provided using the straight-line and declining-balance methods based on useful lives.

3. Long-term debt, net of current maturities of $86,665,000

	Interest Rate	Dec. 31, 1970
		(Amounts in thousands)
Revolving credit notes due 1972-1977	6¾-7½%	$154,900
Eurobonds due 1972-1974	6½-8¼%	12,098
Eurobonds due 1973-1984	6½-9¼%	121,208
Notes due 1972-1975	5½-8%	157,599
Notes due 1972-1980	5½-6¾%	34,650
Notes due 1981-1985	5½-6¾%	34,650
Eurodollar revolving credit due 1972-1977	7½-10½%	154,125
Notes due 1972-1989	3⅝-5%	63,000
Notes due 1972-1986, secured by mortgages on property, plant and equipment	5⅞%	22,416
Sinking fund debentures due 1974-1991	4⅞%	22,000
Notes due 1972	6½%	19,833
Notes due 1977-1989	7-9¼%	24,000
Others due 1972-1989	Various	42,507
		$862,986

Certain of the above notes represent borrowings under agreements which contain covenants relating to maintenance of financial ratios, borrowings, declaration of cash dividends, etc. At December 31, 1970, retained earnings of approximately $250 million were restricted as to payment of cash dividends under the most restrictive of these covenants. The interest rate on certain revolving credit notes is dependent on prime interest rates which may be adjusted from time to time.

Minimum principal payments (in thousands of dollars) required on long-term debt of Occidental and its consolidated subsidiaries after December 31, 1971, are summarized as follows:

1972	$166,508
1973	128,544
1974	127,354
	422,406
Later years	440,580
	$862,986

Subsequent to year end, negotiations have been completed by the company with a group of banks for a line of revolving credit under which a portion of the above long-term debt will be refinanced. Agreements covering the new credit line will become effective on March 1, 1971. After refinancing, minimum principal payments totaling $422,406,000 through the end of 1974 as shown in the table above, will be reduced by $87,500,000 with a corresponding increase in later years.

4. Contingent liabilities and commitments The Securities and Exchange Commission's complaint referred to in the special note to the company's income statement contains allegations concerning improper recognition of income which relate, among other things, to (1) profit of $9.3 million from four land sale transactions in the first half of 1970, and (2) gain of $8.9 million in 1969 and $4.5 million in 1970 from sales of undivided interests in certain coal leases as described in Note 5. As a result of reserves established in the third and fourth quarters of 1970, before and after commencement of the commis-

sion's investigations which led to the complaint, no profits from the land sale transactions referred to in (1) above were included in net income for the year ended December 31, 1970. In view of the commission's allegations that the company's current inclusion of these transactions in income was improper, Occidental does not intend in the future to currently include in income profits from real estate transactions and gain from coal sale transactions such as are exemplified in the complaint unless the questions raised by the allegations have been resolved in an appropriate manner and unless such proposed action has been reported in a Form 8-K report filed with the commission.

Since the filing of the Securities and Exchange Commission's complaint, a number of class actions and a derivative action have been filed in various jurisdictions against Occidental, its chairman and others containing allegations similar to those in the Securities and Exchange Commission's complaint. The class actions seek damages in amounts not yet ascertainable which were allegedly suffered, by persons who purchased or held Occidental securities, as a result of the claimed violations of Section 10(b) and other sections of the Securities Exchange Act of 1934. The company has been advised by special legal counsel that, based upon the information known to them, the defendants appear to have a meritorious defense to the claims made in these actions, and should prevail. The derivative action does not seek damages against the corporation.

In 1967, an investment banker filed suit claiming a 25 per cent working interest in Occidental's oil concessions in Libya or a judgment in the amount of $100 million. The plaintiffs allege that they were offered an opportunity to acquire oil concessions in Libya by a third party, and that they submitted this to Occidental on the understanding they would participate as a 25 per cent joint venturer with Occidental in any oil concessions turned up by said third party. The plaintiffs further claim that the third party turned up and assisted Occidental in acquiring the two Libyan oil concessions awarded to Occidental. Occidental has been advised by special legal counsel that, in their opinion, based upon the information known to them, Occidental has a meritorious defense to the claim and should prevail.

In 1967, suits were filed against Occidental in conjunction with its acquisition of stock of Kern County Land Company and subsequent grant of an option to Tenneco Corporation to purchase that stock. The plaintiffs seek either to recover, under Section 16(b) of the Securities Exchange Act of 1934, profits from that transaction allegedly amounting to $20 million, or to impose a constructive trust on the option price, or to recover punitive damages totaling $25 million for alleged breach of fiduciary duty, or a combination of the foregoing. In one of these suits, a motion for summary judgment pertaining to the alleged Section 16(b) profits has been decided in plaintiffs' favor for recovery of $23.5 million including interest, but Occidental intends to appeal this decision. It is the opinion of Occidental's special legal counsel that the decision should be reversed on appeal and that on a full trial Occidental should prevail. Occidental has counterclaims pending in the same lawsuits in a sum exceeding plaintiffs' claims.

There are various other lawsuits pending against Occidental and its subsidiaries, some of which involve substantial amounts. While at this time it is impossible to determine the ultimate liabilities which may arise from such litigation, in the opinion of Occidental's legal counsel such lawsuits are not likely to result in losses the aggregate amount of which would have a material adverse effect upon the consolidated financial position of Occidental and its subsidiaries or result in a substantial impairment of their operations.

Occidental and its subsidiaries have certain other contingent liabilities as guarantors of debt and contracts and as joint venturers. Officials of the company are of the opinion that such contingent liabilities will not result in any significant financial liability in relation to the net assets of Occidental and its subsidiaries.

Occidental, in the ordinary course of business, contracts for marine tankers over extended periods, and these commitments involve charter rentals that are substantial in amount. The total of such commitments outstanding at December 31, 1970, amounted to approximately $215 million. Occidental has other leases which are not significant to the company's consolidated financial position.

5. Sales of coal lease rights During 1969 and 1970, Island Creek Coal Company, a wholly-owned subsidiary, made four sales of undivided interests in certain coal lease rights held by it in areas in which two new mines were planned. The complaint of the Securities and Exchange Commission, referred to in the special note to the statements of income and in Note 4, alleged among other things that current inclusion in income of gain from such sales was improper. In view of the commission's complaint, net income and earnings per share are shown both including and excluding such sales.

6. Capital stock and stock options The holders of preferred stocks are entitled to voting rights and cumulative quarterly dividends. The $8.00 preferred stock is redeemable at the option of Occidental at $100 per share on or after October 2, 1972, or by operation of a sinking fund commencing in 1978. The $4.00 preferred stock is redeemable at the option of Occidental at $125 per share after April 1, 1973, and at declining amounts thereafter. The $3.60 preferred stock is redeemable at the option of Occidental at $100 per share on or after October 1, 1973. The $2.16 preferred stock is redeemable at the option of Occidental at $47.50 per share on or after October 1, 1973.

Options to purchase common shares of Occidental have been granted to officers and employees under stock option plans adopted in 1961 and 1966. At December 31, 1970, 2,238,000 common shares were reserved for issuance under outstanding options at prices from $10.19 to $52.45 per share, and 666,000 common shares were reserved for the granting of additional options. During 1970, options to purchase 644,000 common shares were granted; options to purchase 54,000 shares were exercised; options for 667,000 shares became exercisable; options to purchase 247,000 shares were canceled and options to purchase 24,000 shares were added to options outstanding to give effect to a one per cent stock dividend. No amounts have been reflected in the income accounts of Occidental or its subsidiaries with respect to stock options.

In connection with acquisitions, Occidental has assumed stock option plans. At December 31, 1970, options assumed in these acquisitions were outstanding as follows:

(1) 5,035 shares of $4.00 preferred stock at prices ranging from $64.62 to $96.36 per share.

(2) 22,875 shares of $3.60 preferred stock at prices ranging from $71.50 to $133.50 per share.

Following is a description of capital stock at December 31, 1970, and a summary of activity for the year then ended:

		Preferred Stocks			
		Nonconvertible	Convertible		
	Common Shares	$8.00	$4.00	$3.60	$2.16
Par value	$0.20	$1.00	$1.00	$1.00	$1.00
Conversion rate	—	—	2.9735	3.0609	1.5305
Authorized	100,000,000	←	15,000,000		→
		(Shares in thousands)			
Balances, December 31, 1969	51,756*	—	1,772	3,816	549
Partial consideration for purchase of businesses	—	175	—	—	—
Exercise of employee stock options	54	—	2	—	—
Conversions of preferred stocks	1,632	—	(24)	(513)	(1)
Common share dividend	521	—	—	—	—
Balances, December 31, 1970	53,963*	175	1,750	3,303	548

*Includes 566,497 shares and 257,697 shares held in treasury at December 31, 1970, and December 31, 1969, respectively.

Notes to Consolidated Financial Statements (Cont.)

The company has reserved approximately 16,153,000 common shares for conversion of the preferred stocks. The $8.00 nonconvertible preferred stock and the $4.00 and $3.60 convertible preferred stocks have rights in liquidation equivalent to $100 per share. The $2.16 convertible preferred stock has liquidation rights of $47.50 per share. Aggregate rights in involuntary liquidation for all preferred stocks total $548,839,000.

7. Earnings per share Primary earnings per share are based upon earnings applicable to average common shares outstanding for the year and an insignificant number of stock options granted after June 1, 1969, which are common share equivalents. Fully diluted earnings per share give effect to the reduction in earnings per share which would result from the conversion of all preferred stocks and exercise of stock options granted up to June 1, 1969, and included in the fully diluted computation under the provisions of a pronouncement of the American Institute of Certified Public Accountants in effect prior to that date. In computing the per share effect of assumed conversions (a) dividends on convertible preferred stocks have been added to earnings applicable to common shares, (b) it has been assumed that funds obtained from exercise of stock options were used for purchase of treasury stock and (c) the related additional issuable common shares have been added to average outstanding common shares. The computation for 1969 has been revised to include the effect of the one per cent common share dividend issued in 1970, which resulted in reducing primary and fully diluted earnings for 1969 by three cents per share. The effect of these assumptions upon the computation of earnings per share data in the accompanying statements of income is shown below:

	1970		1969	
	Shares	Net Income	Shares	Net Income
	(Shares and amounts in thousands)			
Net income including sales of coal lease rights		$175,234*		$174,835*
Dividend requirements of preferred stocks		21,410		23,351
Earnings applicable to common shares including sales of coal lease rights		153,824		151,484
Average outstanding common shares and common share equivalents	52,762		50,953	
Primary earnings per share including sales of coal lease rights		$2.92		$2.97
Effect of assumed conversions of securities not considered common share equivalents —				
Convertible preferred stocks	16,153	20,771	17,787	23,351
Stock options	39	—	36	—
Total for computation of fully diluted earnings per share including sales of coal lease rights	68,954	$174,595	68,776	$174,835
Fully diluted earnings per share including sales of coal lease rights		$2.53		$2.54
Earnings per share as computed in accordance with allegations of Securities and Exchange Commission:				
Net income excluding sales of coal lease rights		$170,775*		$165,902*
Primary earnings per share excluding sales of coal lease rights		$ 2.83		$ 2.80
Fully diluted earnings per share excluding sales of coal lease rights		$ 2.47		$ 2.41

*See special note on consolidated statements of income.

8. Domestic and foreign income taxes Occidental follows the practice of filing consolidated U.S. federal tax returns including its 80 per cent or more owned domestic subsidiaries. As a result of the deduction of certain items for tax purposes, which are capitalized for financial statement purposes, and as a result of the utilization of foreign tax credits, no federal taxes have been paid or provided for Occidental for 1970 except for a tax on tax preference items as prescribed by the Revenue Act of 1969. Substantially all of the 1970 provision for foreign income taxes relates to Occidental's Libyan operations.

9. Retirement income plans The company and its subsidiaries have several pension plans covering substantially all of their employees. The total expense of the plans for 1970 was approximately $4,300,000 which for certain plans includes amortization of prior service costs. The company's policy is to fund pension costs accrued. At December 31, 1970, the actuarially computed value of vested benefits for all plans was substantially fully funded.

10. Event subsequent to date of auditors' report At the close of 1970, the Organization of Oil Producing Exporting Countries (OPEC), which comprises all of the principal oil-exporting countries including Libya, voiced new demands for increases in tax rates and posted prices for oil. After several weeks of intense negotiations on an industry-wide basis, an agreement was reached with the OPEC group of countries that border on the gulf between Iran and Saudi Arabia. Subsequently, negotiations continued with the Mediterranean producing countries, including Libya.

An agreement was finally reached with the Libyan government, effective March 20, 1971, which dealt with posted prices, tax rates, timing of payments, sales for local consumption and future exploratory drilling. Among other things, the agreement increases the posted price of 40 degree gravity crude oil from $2.55 a barrel to $3.447 a barrel through 1971 and to $3.467 through 1972 with provision for subsequent annual increases ranging from 15 cents to 15.8 cents per barrel in 1973 through 1975 and for adjustments related to shipping costs. The company's overall tax rate was increased from 58 per cent to slightly less than 63 per cent, thus preserving essentially the same relationship to other companies operating in Libya that was established in the 1970 settlement. The agreement provides that it is a final settlement of Occidental's total financial obligations through December 31, 1975.

While arrangements have not yet been finalized, it is believed that practically all increased costs resulting from the 1971 settlement will be passed on to the company's crude oil customers under escalation clauses in the company's sales contracts or through renegotiation.

Report of Independent Public Accountants

To the Shareholders and Board of Directors,
Occidental Petroleum Corporation:

We have examined the consolidated balance sheets of OCCIDENTAL PETROLEUM CORPORATION (a California corporation) and subsidiaries as of December 31, 1970 and 1969, and the related consolidated statements of income, shareholders' equity and funds for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The company has retroactively changed its presentation of income in the accompanying statements for 1969 and 1970 to show net income including sales of coal lease rights and to show separately net income excluding sales of coal lease rights computed in accordance with the Securities and Exchange Commission's complaint (See Note 4). In our opinion, "net income including sales of coal lease rights" represents net income in accordance with generally accepted accounting principles. However, in our judgment, the difference between "net income including sales of coal lease rights" and the dual presentation of net income in accordance with the Securities and Exchange Commission's complaint is not sufficiently material to cause us to qualify our opinion, expressed in the next paragraph, on the financial statements including such dual presentation.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of Occidental Petroleum Corporation and subsidiaries as of December 31, 1970 and 1969, and the results of their operations and the source and use of funds for the years then ended, in conformity with generally accepted accounting principles consistently applied during the periods.

Arthur Andersen & Co.

ARTHUR ANDERSEN & CO.

Los Angeles, California, February 10, 1971 (As of April 22, 1971, with respect only to matters related to Securities and Exchange Commission's complaint).

Occidental Petroleum Corporation and Consolidated Subsidiaries

Ten Year Statistical Summary of Consolidated Operations

Amounts in thousands

	1970	1969	1968
Oil and gas sales and revenues:			
International production and exploration	$ 283,362	$ 299,991	$ 240,384
International refining, marketing and transportation	657,006	396,205	359,350
North America	541,782	545,067	481,626
Chemical sales and revenues	657,980	625,322	571,465
Coal sales and revenues	262,163	192,513	153,967
Net sales and other revenues			
Reflecting poolings of interests	$2,402,293	$2,059,098	$1,806,792
As originally reported	$2,402,293	$2,059,098	$1,806,792
Income before extraordinary items	$ 175,234	$ 174,835	$ 134,138
Extraordinary items	—	—	—
Net income including sales of coal lease rights in 1970 and 1969★			
Reflecting poolings of interests	$ 175,234	$ 174,835	$ 134,138
As originally reported	$ 175,234	$ 174,835	$ 134,138
Primary earnings per share including sales of coal lease rights in 1970 and 1969★[1]			
Before extraordinary items	$ 2.92	$ 2.97	$ 2.30
Extraordinary items	—	—	—
Total			
Reflecting poolings of interests	$ 2.92	$ 2.97	$ 2.30
As originally reported[2]	$ 2.92	$ 3.00	$ 2.32
Fully diluted earnings including sales of coal lease rights in 1970 and 1969★	$ 2.53	$ 2.54	$ 2.00
Cash dividends paid per common share, as originally reported[2]	$ .99	$ .89	$ .36
Total assets as originally reported	$2,563,002	$2,213,506	$1,788,245
Net income excluding sales of coal lease rights★	$ 170,775	$ 165,902	
Primary earnings per share excluding sales of coal lease rights★	$ 2.83	$ 2.80	
Fully diluted earnings per share excluding sales of coal lease rights★	$ 2.47	$ 2.41	

★See dual presentation and special note on consolidated statements of income.
[1]Based on average number of shares outstanding after giving effect to (a) stock dividends issued through 1970 and (b) the issuance of common shares in connection with poolings of interests.
[2]Adjusted for stock dividends and 3-for-1 stock split.

1967	1966	1965	1964	1963	1962	1961
$ —	$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—	—
513,705	506,830	466,970	426,448	342,430	289,596	202,663
520,155	519,865	450,362	413,635	273,806	264,863	225,669
139,424	135,627	109,890	112,112	93,604	80,884	79,778
$1,173,284	$1,162,322	$1,027,222	$ 952,195	$ 709,840	$ 635,343	$ 508,110
$ 825,740	$ 658,544	$ 81,105	$ 44,984	$ 32,724	$ 12,307	$ 5,044
$ 55,396	$ 53,878	$ 46,921	$ 39,374	$ 29,718	$ 25,711	$ 22,793
12,861	5,685	4,125	4,255	6,148	7,383	969
$ 68,257	$ 59,563	$ 51,046	$ 43,629	$ 35,866	$ 33,094	$ 23,762
$ 45,548	$ 22,730	$ 14,736	$ 9,381	$ 6,656	$ 6,038	$ 948
$ .70	$ .77	$ .61	$ .44	$ .16	$ .05	—
.32	.16	.12	.14	.20	.25	—
$ 1.02	$ .93	$ .73	$ .58	$ .36	$ .30	—
$ .98	$ .66	$ .63	$ .43	$ .34	$ .38	$ .06
—	—	—	—	—	—	—
$ .25	$ .22	$ .16	$ .14	$ .14	—	—
$ 779,132	$ 445,270	$ 204,705	$ 113,462	$ 50,484	$ 19,767	$ 14,607

Subsidiaries, Divisions and Affiliates

Oil and Gas Exploration and Production Division

Division Headquarters
5000 Stockdale Highway
Bakersfield, California 93309

Regional Offices:
Denver, Colorado; Lafayette, Louisiana; Houston, Texas; Midland, Texas

Occidental of Dubai, Inc.
42 Sheikah Latifa Building
P.O. Box 3228
Dubai, Trucial States

Occidental of Jamaica, Inc.
27 Tobago Avenue
Kingston 10, Jamaica

Occidental of Libya, Inc. (Oxylibya)
Mitchell Cotts House, P.O. Box 2134
Tripoli, Libyan Arab Republic

Occidental del Peru, Inc.
Edificio El Dorado
Avenida Arequipa 2450, Suite 1601
Lima, Peru

Occidental Petroleum of Nigeria
Wesley House, 21-22 Marina
P.O. Box 3992
Lagos, Nigeria

Occidental Petroleum (U.K.) Limited
4, Grosvenor Place
London S.W. 1, England

Occidental of Trinidad, Inc.
172 Frederick Street, P.O. Box 771
Port-of-Spain, Trinidad and Tobago
West Indies

Occidental of Umm Al Qaywayn, Inc.
P.O. Box 27
Umm Al Qaywayn, Trucial States

Occidental de Venezuela, Inc.
Edificio Atlantic
Los Palos Grandes, Av. Andres Bello
Apartado Postal 60784
Caracas, Venezuela

Domestic Crude Oil Marketing Division

The Permian Corporation
4671 Southwest Freeway
Houston, Texas 77027

Regional Sales Offices:
Houston, Texas; Midland, Texas; Denver, Colorado

Foreign Oil Marketing, Refining and Transportation Division

Concord Petroleum Corporation
Boyle Building, Church Street
P.O. Box 1736
Hamilton, Bermuda

Courtage Occidental
113 bis, avenue de Neuilly
92 Neuilly-sur-Seine, France

Mawag Raffinerien AG
Freigutstrasse 8
8002 Zurich, Switzerland

Occidental Crude Sales, Inc.
10889 Wilshire Boulevard
Los Angeles, California 90024

Occidental de Espana, S.A.
Calle Columela 4
Madrid 1, Spain

Occidental Nederland N.V.
Treubstraat 19
Rijswijk (Z.H.), Netherlands

Occidental Oel Deutschland GmbH
Graf-Adolf-Strasse 73
4 Dusseldorf, Germany

Occidental Refineries Limited
2, Curzon Place
London W. 1, England

Oxy Petroli S.p.A.
Via Larga 23
20122 Milan, Italy

Raffinerie Belge de Petroles S.A. (RBP)
Frankrijklei 67-69, P.O. Box 399
2000 Antwerp, Belgium

Steenkolengroot Handel Willem Nijzink N.V.
de Hollanderlaan 14
Goes, Netherlands

VIP Petroleum Ltd.
Fairbairn House, Ashton Lane
P.O. Box 1
Sale, Cheshire, England

Agricultural Chemicals, Fertilizers and Sulphur Division

Occidental Chemical Company (Oxychem)
4671 Southwest Freeway
Houston, Texas 77027

Regional Headquarters:
Lathrop, California; Houston, Texas; Sioux Falls, South Dakota; Springfield, Ohio; Jacksonville, Florida

Feed Products Division
79 Progress Parkway
Maryland Heights, Missouri 63042

International Ore & Fertilizer Corporation (Interore)
380 Madison Avenue
New York, New York 10017

Jacksonville Bulk Terminals, Inc.
1301 Wigmore Street
Jacksonville, Florida 32206

Jefferson Lake Sulphur Company
4671 Southwest Freeway
Houston, Texas 77027

Leather's Chemical Company Limited
102 Canal Road
Bradford 2, Yorkshire, England

Occidental Chemical Company of Texas
9802 Lawndale Avenue
Houston, Texas 77007

Occidental Corporation of Saudi Arabia
P.O. Box 572
Dammam, Saudi Arabia

Suwannee River Phosphate Division
P.O. Box 300
White Springs, Florida 32096

Garrett Research and Development Division

Garrett Research and Development Company, Inc.
1855 Carrion Road
La Verne, California 91750

Island Creek Coal Division

Island Creek Coal Company
1501 Euclid Avenue
Cleveland, Ohio 44115

Operating Divisions:
Holden, West Virginia; Keen Mountain, Virginia; Madisonville, Kentucky; Tire Hill, Pennsylvania

Minerals Division

Occidental Minerals Corporation (Oxymin)
6073 West 44th Avenue
Wheat Ridge, Colorado 80033

Occidental Minerals Corporation of Australia
The Tower Suite 2209, Australia Square
Sydney, New South Wales 2000, Australia

Occidental Minerals Corporation of Canada
161 Eglinton Avenue East, Suite 801
Toronto 12, Ontario, Canada

Hooker Chemical Corporation

HOOKER CHEMICALS AND PLASTICS DIVISION
1515 Summer Street
Stamford, Connecticut 06905

Industrial Chemicals Division
Buffalo Avenue at 47th Street
Niagara Falls, New York 14302

Hooker Chemicals Limited
100 Amherst Avenue
North Vancouver, B.C., Canada

Puerto Rico Chemical Co., Inc.
Apartado Postal 157
Arecibo, Puerto Rico 00613

Durez Division
Walck Road
North Tonawanda, New York 14120

Ruco Division
River Road
Burlington, New Jersey 08016

International Chemicals and Plastics Division
1515 Summer Street
Stamford, Connecticut 06905

Duranor, S.A.I.C.
Sarmiento 669-6 Piso
Buenos Aires, Argentina

Hooker Mexicana, S.A. de C.V.
Apartado Postal M-7529
Mexico 1, D.F.

N.V. Hooker Chemical S.A.
1 Square de Meeus
Brussels 4, Belgium

Sumitomo Durez Co., Ltd.
2, 1 chome, Uchisaiwai-Cho
Chiyoda-ku
Tokyo, Japan

Latin American Plastics Division
1515 Summer Street
Stamford, Connecticut 06905

Cueros Artificiales, S.A. de C.V. (Cueros)
Calzada San Francisco No. 102
Naucalpan de Juarez
Estado de Mexico, Mexico

Eriez Produtos Magneticos e Metalurgicos Limitada (Eriez)
Avenida Ipiranga, 318, Bloco B
Sao Paulo, Brazil

Plasticos y Derivados Compania Anonima (Playdeca)
Final de la Calle Bolivar
Baruta, Estado Miranda
Apartado Postal 62410
Caracas, Venezuela

Sinteticos S.A.
Calle 31 No. 44-13
Apartado Aereo No. 839
Medellin, Colombia

Vulcan Material Plastico S.A. (Vulcan)
Avenida Rio Branco 156-20°, Andar
P.O. Box 4400-ZC-21
Rio de Janeiro, Brazil

Vulcan Material Plastico S.A. (Vulcan)
Avenida Ipiranga, 318, Bloco B
Caixa Postal 6362
Sao Paulo, Brazil

OXY METAL FINISHING DIVISION
75 River Road
Nutley, New Jersey 07110

The Udylite Corporation
21441 Hoover Road
Warren, Michigan 48089

Udylite Puerto Rico, Inc.
P.O. Box 501
Las Piedras, Puerto Rico 00671

Parker Division
32100 Stephenson Highway
Madison Heights, Michigan 48071

Hooker Parker (Canada) Limited
165 Rexdale Boulevard
Rexdale (Toronto), Ontario, Canada

Sel-Rex Corporation
75 River Road
Nutley, New Jersey 07110

Oxy Metal Finishing International Division
75 River Road
Nutley, New Jersey 07110

Oxy Metal Finishing (Europe) S.A.
Avenue de l'Etang 65, 1211 Chatelaine
Geneva, Switzerland

Efco Limited
Sheerwater
Woking, Surrey, England

Electroplating Engineers (Nederland) N.V.
Molenstraat 7
Helvoirt, Netherlands

Instituto Electroquimico, S.A. (IESA)
Carretera Madrid, 118°
San Justo Desvern (Barcelona)
Spain

MacDermid Oxy S.A.
Avenue de l'Etang 65, 1211 Chatelaine
Geneva, Switzerland

Oxy Metal Finishing (Benelux) N.V.
Oude-Engelenseweg, P.O. Box 111
's-Hertogenbosch, Netherlands

Prochimie France S.A.
Zone Industrielle Rue Berthelot
25 Besancon, France

Prochimie S.A.
Route de Faoug
1580 Avenches, Switzerland

Sel-Rex (U.K.) Limited
Holyhead Road
Chirk, Wrexham
Denbighshire, Wales

Dr. Steiger & Felsenstein GmbH
Hermanngasse 25
1070 Vienna, Austria

Ebara-Udylite Co., Ltd.
First Building 18-8
Higashi-Ueno 2-chome
Taitoh-ku, Tokyo, Japan

Electroplating Engineers of Japan Limited
14-2, Nagatoro
Hiratsuka-shi, Kanagawa-ken, Japan

Hooker Chemical (Australia) Pty. Limited (HCAP)
Blaxland Street
Lidcombe, N.S.W. 2141, Australia

Hooker Chemical (N.Z.) Limited
55-57 Patiki Road
P.O. Box 2786
Avondale, Auckland 7, New Zealand

Industrias Quimicas Ingalco S.A.I.C.F. (Ingalco)
William C. Morris 451-89
Villa Martelli
Buenos Aires, Argentina

Oxy Metal Finishing (Asia) Limited
403 Charter Bank Building
P.O. Box 14919
Hong Kong, B.C.C.

Udylite do Brasil S.A. Industria e Comercio
Avenida Ipiranga, 1097
Caixa Postal 8179
Sao Paulo, Brazil

Udylite Mexicana, S.A. de C.V.
Norte 45 No. 991
Col. Industrial Vallejo
Mexico 16, D.F.

Real Estate Division

Occidental Petroleum Land and Development Corporation
1900 Avenue of the Stars, Suite 1600
Los Angeles, California 90067

International Hotel Division

Occidental Hotel Corporation
58, St. James's Street
London S.W. 1, England

Other Subsidiaries

Jefferson Lake Petrochemicals of
Canada Ltd. (Petrochem)
1000 Calgary House
550 Sixth Avenue S.W.
Calgary 1, Alberta, Canada

Occidental International Corporation
1717 Pennsylvania Avenue N.W., Suite 1201
Washington, D.C. 20006

Occidental Petroleum of Japan, Ltd.
P.O. Box 128, Suite 1212
World Trade Center Building
No. 5, 3-chome, Shiba-Hamamatsucho
Minato-ku, Tokyo 105, Japan

Registrars

Bank of America
National Trust & Savings Association
Los Angeles, California

First National City Bank
(Common and $4.00 Convertible
Preferred Stocks only)
New York, New York

Chemical Bank New York Trust Company
($3.60 and $2.16 Convertible
Preferred Stocks only)
New York, New York

Montreal Trust Company
(Common Stock only)
Toronto, Ontario, Canada

Transfer Agents

Security Pacific National Bank
Los Angeles, California

The Chase Manhattan Bank
National Association
New York, New York

Canada Permanent Trust Company
(Common Stock only)
Toronto, Ontario, Canada

Auditors

Arthur Andersen & Co.
Los Angeles, California

Stock Exchange Listings

Common Stock

New York Stock Exchange
Pacific Coast Stock Exchange
Amsterdam Stock Exchange
Antwerp Stock Exchange
Brussels Stock Exchange
Dusseldorf Stock Exchange
Frankfurt Stock Exchange
Hamburg Stock Exchange
The Stock Exchange, London
Toronto Stock Exchange

Convertible Preferred Stock

New York Stock Exchange

Executive Offices

The Kirkeby Center
10889 Wilshire Boulevard
Los Angeles, California 90024

Occidental Petroleum Corporation, 10889 Wilshire Boulevard, Los Angeles, California 90024